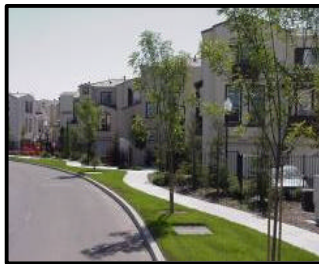


City of Milpitas General Plan Housing Element



**Adopted by the Milpitas City Council
October 22, 2002**

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Executive Summary

Introduction

The provision and preservation of housing is of critical importance to the City of Milpitas. The long-term health and vitality of the Milpitas community and local economy depend on a full range of housing types designed to meet the needs of all segments of the population. As Milpitas looks towards the future, the increasing range and diversity of housing options will be an integral aspect of the City's growth and development.

Last revised in 1994, the Housing Element is required by State law and is a statement of the community's housing needs, resources, constraints and opportunities. It contains guiding principles, policies and programs for housing and a five-year action plan which details the actions to be taken by the City to respond to the community's evolving housing needs.

As part of this plan, the Housing Element must identify sites for housing development that are adequate to accommodate the City's share of the regional housing need, as determined by the Association of Bay Area Governments (ABAG). Out of a total of 4,348 units determined by ABAG, 918 have already been approved by the City and are either completed or under construction.

Regional Housing Need Determination for Milpitas, 1999-2006		
Income Level	Units	Percent
Very-Low (0-50% of Area Median Income)	698	16.1%
Low (51-80% of Area Median Income)	351	8.1%
Moderate (81-120% of Area Median Income)	1,146	26.4%
Above Moderate	2,153	49.5%
Total	4,348	100.0%
Source: ABAG, 2001.		

Update Process

The City has undertaken an extensive review of the current housing element, both at the staff level and in two public forums held in the Summer and Fall of 2001. The overall finding of this review process is that the City has been successful at promoting housing development consistent with the goals and objectives outlined in the prior Housing Element. At the same time, Milpitas community members recognize that the changing patterns of land use and development in the City demand a new and comprehensive approach to promoting medium and high-density housing development on infill sites. In addition, as the City's built-out, single-family residential areas mature, new policies and programs must be established to assist with housing maintenance and preservation to ensure the

continued high-quality of the City's residential neighborhoods. Through the Draft Midtown Specific Plan and other related planning processes, Milpitas has already begun to proactively address these changing housing needs.

The product of a thorough update process, this Housing Element was presented to the Planning Commission and City Council for review before being forwarded to the State Department of Housing and Community Development (HCD) in March, 2002. After a mandatory 60 day review period, HCD provided the City with comments and recommendations on the Draft Housing Element. The City has considered these comments in the preparation of this Final Housing Element which was adopted by the City Council on October 22, 2002.

Needs Assessment

The purpose of the Housing Needs Assessment is to describe housing, economic, and demographic conditions in Milpitas, assess the demand for housing for households at all income-levels, and document the demand for housing to serve various special needs populations. The Housing Needs Assessment is intended to assist Milpitas in developing housing goals and formulating policies and programs that address local housing needs. Key findings from the Needs Assessment are summarized below.

Population and Household Growth. Like many cities in the broader Silicon Valley region, Milpitas has experienced rapid population and household growth over the past ten years in conjunction with a booming economy. Between 1990 and 2000, the City grew from 50,686 persons and 14,099 households to 62,698 persons and 17,132 households. The Association of Bay Area Governments (ABAG) projects that Milpitas will continue to experience population and household growth over the near term, increasing to 70,200 persons and 18,850 households by 2005.

Population Characteristics. The population of Milpitas is relatively young compared to the County of Santa Clara with a larger percentage of persons under 25 and a smaller percentage over the age of 65. The City's median age was 33.4 years in 2000, increasing from 30.6 years in 1990.

Household Characteristics. Milpitas households are relatively large with an average household size of 3.47. This compares to 2.92 persons per household in Santa Clara County overall. Milpitas households are also overwhelmingly family households (81.7 percent) and homeowners (69.8 percent).

Household Income. The median household income in Milpitas was \$84,429 in 1999. This figure is significantly higher than the median household income estimate of \$74,335 for Santa Clara County in the same year.

Housing Stock Characteristics. Milpitas' housing stock is made up predominately of single-family detached homes constructed after 1960. Since 1990, however, the proportion of units in buildings of five or more units has increased from 8 to 14 percent, while the percentage of single-family detached units has declined from 67 to 64 percent. Being relatively young, the physical condition of the City's housing stock is generally good to excellent, with only a small percentage of units evidencing major problems.

Housing Market Trends. Housing costs in Milpitas have risen over the last decade, presenting challenges for moderate and low-income households. Median sale prices for single-family and condominium units in Milpitas were \$448,750 and \$325,000 in 2001, while the maximum sale price affordable to a moderate income household was \$412,109. Housing rental rates have also risen rapidly in Milpitas in recent years, outpacing increases in household income. The 1990 median rent was approximately \$1,192 per month in 2001 dollars, compared to an average rent of approximately \$1,620 in 2001.

Economic Trends. The Milpitas economy grew at an average annual rate of 5.9 percent between 1990 and 2000 from 36,630 to 52,090 jobs. Despite the recent economic slowdown in Silicon Valley, the local economy remains relatively robust. Over the long-run, ABAG projects that the economy will grow to 65,200 jobs by 2010. At present, the Milpitas has approximately 1.5 jobs for every employed resident.

Special Needs Populations. Populations with special housing needs in Milpitas include large families, single-parent families, the disabled, seniors, farmworkers, and persons or families in need of emergency or transitional housing. Of these groups, large families make up a particularly large percentage of the Milpitas population, and face unique challenges in securing adequate and affordable housing.

Housing Constraints & Resources

A key component of the Housing Element is a description and analysis of governmental and non-governmental constraints to the preservation and provision of housing. Along with this, the Housing Element contains a description and analysis of housing resources, including most importantly an inventory of sites for housing production. These constraints and resources are described below.

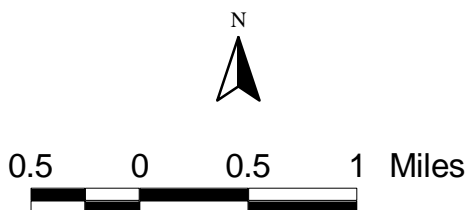
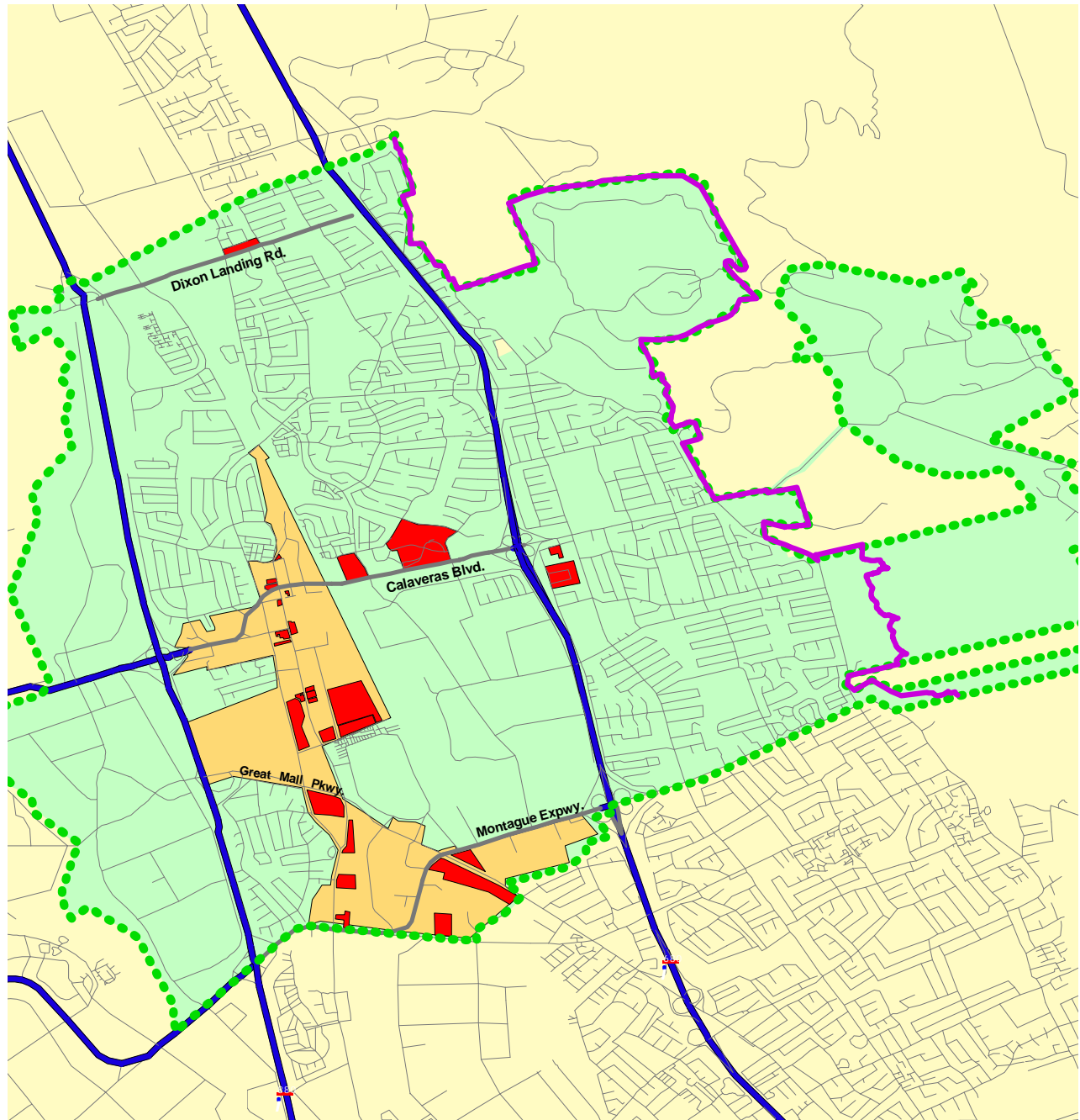
Government Constraints. Milpitas has worked systematically to address constraints to housing production as reflected in the City's land use and development policies, infrastructure planning and funding of affordable housing projects. Specifically, the General Plan and related land use policy documents

support the preservation and development of housing. Site improvement, building code requirements, and permit processing time in Milpitas are comparable to surrounding communities, as are development fees. Moving proactively towards the future, the Draft Midtown Specific Plan will remove zoning constraints to housing in the Midtown area, and will support variety and affordability in new housing production.

Non-Governmental Constraints. High development costs constitute a significant constraint to the production of housing in Milpitas, as in communities throughout the Silicon Valley region. In particular, land and construction costs have risen steeply in recent years, and continue to pose an obstacle for developers of all types of housing.

Resources. Consistent with the City's long-term commitment to supporting high-quality residential development, Milpitas continues to make resources available for housing production. These resources primarily include sites for new housing development (displayed on the following page), and a variety of funding sources. Including housing sites proposed as part of the Draft Midtown Plan, there will be sufficient land to support more than 5,500 new housing units between 1999 and 2006. Some land capacity also exists in the hillside residential area for up to 50 new "estate" homes. In addition, Milpitas has a variety of financial resources to support affordable housing production, including most importantly CDBG funds and Redevelopment Housing Set Aside funds. Finally, the City encourages the inclusion of affordable units in new residential developments consistent with past practice and policies, and offers a density bonus and other incentives to achieve affordability goals.

Milpitas Potential Housing Sites



-  Freeway
-  Highway
-  Arterial Road.

-  Milpitas City Area
-  Milpitas City Limits
-  Urban Growth Boundry
-  Midtown Specific Plan Area
-  Potential Housing Sites

Sources: U.S. Census, 2000; BAE, 2002

Housing Plan

Taking into account the needs, constraints and resources identified above, Milpitas has developed a Housing Plan in consideration of its own local priorities, as well as its obligations under State Housing Element law. The Housing Plan is structured as a series of guiding principles and related implementing policies. Accompanying each implementing policy, there are one or more programs that the City will implement over the 2001-2006 planning period. The guiding principles, listed below form the core of the City's vision for the preservation and development of residential areas.

Guiding Housing Principles

- **Maintain High Quality Residential Environments:** The maintenance and improvement of quality of life and historic integrity of existing neighborhoods is a high priority for the City of Milpitas.
- **Preserve Housing Resources:** Milpitas will strive to maintain and preserve existing housing resources, including both affordable and market-rate units.
- **Provide Adequate Sites for Housing Development:** The City of Milpitas will maintain adequate sites to accommodate its share of the regional housing need, including sites appropriate for the development of housing affordable to very low, low, moderate and above moderate income households.
- **Remove Constraints to Housing:** The City of Milpitas will take the necessary steps to remove government and public infrastructure constraints to housing development.
- **Promote Housing Affordability for both Renters and Owners:** The City of Milpitas will use available resources to expand the number of new housing units affordable to very-low, low and moderate-income households.
- **Support Housing to Meet Special Needs:** The City of Milpitas strives to increase the range of housing opportunities for all residents, including those with special needs and those unable to afford market-rate housing within the community. The City of Milpitas prioritize the construction of housing appropriate for various special needs populations.
- **Support Diversity and Creativity in Residential Development:** In recognition of the diverse needs of Milpitas' households, the City supports creativity in the design and development of housing projects.
- **Eliminate Housing Discrimination:** Milpitas values diversity, and the

Milpitas community strives to ensure that all households have equal access to the City's housing resources.

- **Promote Energy Conservation in Residential Development:** The City of Milpitas will promote energy efficiency in residential development within the City, including reduction of energy use through better design and construction in individual homes, and also through energy efficient urban design.

Quantified Housing Objectives

Finally, in conformance with the above stated guiding principles, the Housing Element sets forth a series of quantified objectives. The objective for new construction of residential units represents Milpitas' share of the regional housing need as determined by ABAG between 1999 and 2006. The objectives for rehabilitation and conservation of existing units reflect the City's commitment to preserving and improving housing resources over the 2001 to 2006 Housing Element planning period.

Summary of Quantified Objectives			
Income Category	New Construction	Rehabilitation	Conservation (a)
Very Low-Income	698	20	450
Low-Income	351	30	122
Moderate Income	1,146	0	0
Above Moderate	2,153	0	0
Totals	4,348	50	572
(a) Includes primarily housing units conserved for very-low income senior households through the City's mobile home rent control ordinance.			

Introduction

Housing is of critical importance to the City of Milpitas. The long-term vitality of the Milpitas community and local economy depend on full range of housing to meet the needs of all segments of the City's population. As Milpitas looks towards the future, the increasing range and diversity of housing options will be an integral aspect of the City's growth and development. Consistent with Milpitas' long-term commitment to providing suitable, decent and affordable housing for its residents, this plan sets forth a vision for guiding future residential development, as well as for preserving and enhancing existing residential areas.

Role and Content of Housing Element

The purpose of this Housing Element is to adopt a comprehensive, long-term plan to address the housing needs of the City of Milpitas. Along with seven other mandated elements, the State requires that a Housing Element be a part of the General Plan. The Housing Element is Milpitas' primary policy document regarding the development, rehabilitation, and preservation of housing for all economic segments of the population within the City's boundaries. Accordingly, this Housing Element identifies and analyzes the existing and projected housing needs of the City and states goals, policies, quantified objectives and implementation programs for the preservation, improvement, and development of housing.

The Housing Element must also identify sites for housing development that are adequate to accommodate the City's allocation of the regional housing need. Milpitas intends to implement a set of programs and projects to meet the goals, policies, and objectives included herein. The City will also coordinate its housing efforts with those occurring within the other areas of Santa Clara County and the broader Silicon Valley.

Authority

Housing elements are required as a mandatory element of General Plans by Sec. 65580(c) of the Government Code. In 1980, the State Legislature passed a bill (AB2853) which put into statute much of the former advisory guidelines regarding housing element content including: the needs assessment; goals, objectives and policies; and implementation program. Since that time, the Legislature has made a number of modifications to the law, which are reflected in this update.

Status

This document is an update to the Housing Element of the City of Milpitas General Plan. The current Housing Element was adopted by the City Council and certified by the State in 1994, and the General Plan was most recently amended by the City Council on June 17, 1998. This updated Housing Element focuses on housing needs from December 31, 2001 through June 30, 2006, in accordance with the Housing Element planning period for San

Francisco Bay Area jurisdictions established by State law.

Relationship with General Plan

State Law requires that a general plan and its constituent elements “comprise an integrated, internally consistent and compatible statement of policies.” This implies that all elements have equal legal status and no one element is subordinate to any other element. The Housing Element must be consistent with land use goals and policies set forth in the Land Use Element, and closely coordinated with the Circulation Element of the General Plan. The Housing Element must also be consistent with area Specific Plans such as the Midtown Specific Plan which is currently in draft form. As part of the implementation process for this Housing Element, the City of Milpitas will initiate and complete amendments to the City’s General Plan as necessary to achieve internal consistency.

Midtown Specific Plan

The Midtown Specific Plan provides a new vision for an area of approximately 1,000 acres of industrial and commercial land in the core of the City of Milpitas. The Midtown area includes two major east-west arterials, and will be served by the Tasman East Light Rail Line (LRT) as well as a future BART extension to San Jose¹.

The overall strategy of the Midtown Specific Plan is to create a mixed-use community that includes high-density transit-oriented housing and a central community gathering space, while maintaining needed industrial, service, and commercial uses. The Plan is at the forefront of efforts in the Silicon Valley to balance employment and housing growth, and encourage transit oriented development at key nodes and along corridors. Currently in draft form, the Midtown Specific Plan has received broad community support over the course of an extensive public planning process.

Residential development will play a central role in the evolution of the Midtown area, and a key goal of the Midtown Specific Plan is to provide for a significant component of new housing within the Plan area in order to: improve the vitality of Midtown; address local and regional housing needs; and, reinforce the use of transit. To accomplish this goal for the Midtown area, Milpitas has invested substantial resources into revising the City’s General Plan and Zoning Code, and has obtained environmental clearance for the Plan through an Environmental Impact Report. As with the City’s other planning efforts, this Draft Housing Element has been prepared to be consistent with the goals and policies presented in the Draft Midtown Plan, and to offer a complimentary vision for the development, preservation and rehabilitation of residential uses in this core area of the City.

Public Participation

¹ Current plans call for the light rail station to be open by 2004, and for a BART extension by 2006.

This Draft Housing Element has been developed with extensive participation from members of the Milpitas Community, as well as housing advocates, developers, employer representatives and other interested parties from throughout Silicon Valley. In addition to individual interviews with key stakeholders, the City convened two public workshops to solicit input from the public on the City's housing needs, and to provide the public with an opportunity to shape the City's housing goals, policies and objectives. These meetings were publicized in the local print media, as well as on the City's web site. City staff mailed notices of the meetings to 42 organizations, including housing developers, non-profit service providers, ethnic and cultural organizations, and a variety of other groups and agencies. In conducting outreach for the meetings, care was taken to recruit potential participants who would reflect the City's full ethnic and economic diversity.

The first of the two public meetings was held on August 14th, 2001 and was attended by approximately 30 individuals. Following this meeting, several of these individuals forwarded written comments to Milpitas staff which were also considered in the preparation of this draft. The second public meeting was held on October 18, 2001 and was attended by approximately ten individuals, including representatives from regional housing advocacy organizations. Following this second meeting, additional feedback was received from the attendees via e-mail.

In addition to the public participation which has been integral to the preparation of this draft document, the City has conducted full public hearings prior to adopting this Housing Element.

Organization of Housing Element

Following this introduction, the Housing Element includes the following major components:

- A review of the prior (1994) housing element, including an analysis of housing production over the previous ABAG fair share period.
- An analysis of the City's current and future housing needs.
- An analysis of governmental and non-governmental constraints to housing production.
- An inventory and analysis of housing resources.
- A housing plan setting forth goals, policies, programs and quantified objectives to address the City's housing needs.

Review of Prior Housing Element

A thorough review of the City's housing plan constitutes an important first step in updating the Milpitas Housing Element. This section provides an evaluation of the City's progress towards achieving housing goals and objectives as set forth in the prior Housing Element, and analyzes the efficacy and appropriateness of the City's housing policies and programs. This review forms a key basis for restructuring the City's housing plan to meet the housing needs of the Milpitas community.

Adopted by the City Council in 1994 and certified by the State HCD in 1995, the prior Housing Element contained four major goals and fifteen related policies. These goals and policies are listed in Appendix A of this document along with key achievements that relate to one or more of the listed policies. The following discussion provides an overview of City housing accomplishments grouped by major policy area.

Housing Production

Between 1990 and 2000, the City of Milpitas added 3,241 housing units, almost evenly split between single-family detached units and attached or multi-family units. To support housing production, the City rezoned over 200 acres of commercial and industrial land to permit residential land uses. The City also adopted a density bonus ordinance in conformance with State law, and instituted flexible permitting procedures designed to facilitate the production of housing.

Affordability Programs

In addition to instituting incentives to promote overall housing production through land-use policies, the City was successful at promoting housing affordability through a variety of financial and regulatory measures. In total, between 1995 and 2000, 416 ownership and rental units were built and occupied, 80 percent of which are subject to long-term affordability restriction agreements. These affordable units include 306 rental and 22 ownership units. The City also worked closely with the Santa Clara County Housing Authority to increase the number of transferable Section 8 Program vouchers from 197 to 330.

Local financial resources used to support housing affordability included primarily the Redevelopment Agency's low and moderate income housing fund which provided approximately \$12 million over the housing element planning period towards housing projects and programs. The City has also leveraged State and Federal Sources to the extent possible. Most significantly, the City became a CDBG entitlement jurisdiction during the last housing element planning period making up to \$708,000 per year available to the City to fund housing programs and supportive services.

Supported by Redevelopment Agency funding, the City has assisted affordable housing proposals with a streamlined regulatory process, and by subsidizing development fees and

park fees. The City has also used the Planned Unit Development (PUD) process to aggressively promote the inclusion of a minimum of 20 percent affordable units in major residential developments in the City.

Special Needs

Special needs populations served by City Housing programs include primarily senior citizens and individuals and families at risk of homelessness. To address the needs of seniors, the City instituted a Mobile Home Park Rent Control ordinance to ensure long-term affordability for elderly residents. The ordinance regulates 572 mobile home park units, of which approximately 80 percent are occupied by senior citizens. The City also continues to support programs and services at the 150-unit Terrace Gardens senior project, which provides congregate care and assisted living services to very-low income seniors.

To serve Milpitas residents who are homeless or at-risk of homelessness, the City provides funding to a variety of Santa Clara county service agencies, including most importantly the Emergency Services Consortium. The City also supports project Watch which provides emergency shelter for battered women and their children.

Rehabilitation/Conservation

In terms of affordable housing conservation, the City had no federally or locally subsidized housing projects at risk of conservation to market-rate units between 1994 and 2000. The 151-unit Sunnyhills Apartments was retained in the Section 8 program in 1992, and has long-term affordability restrictions extending to 2011.

Milpitas supports housing maintenance and rehabilitation through the Single Family Rehabilitation Loan program which assists low and moderate income households with home repair and improvement grants and loans. Between 1994 and 2000, 32 households were served by this program for a total of \$1,415,515 in grants and loans.

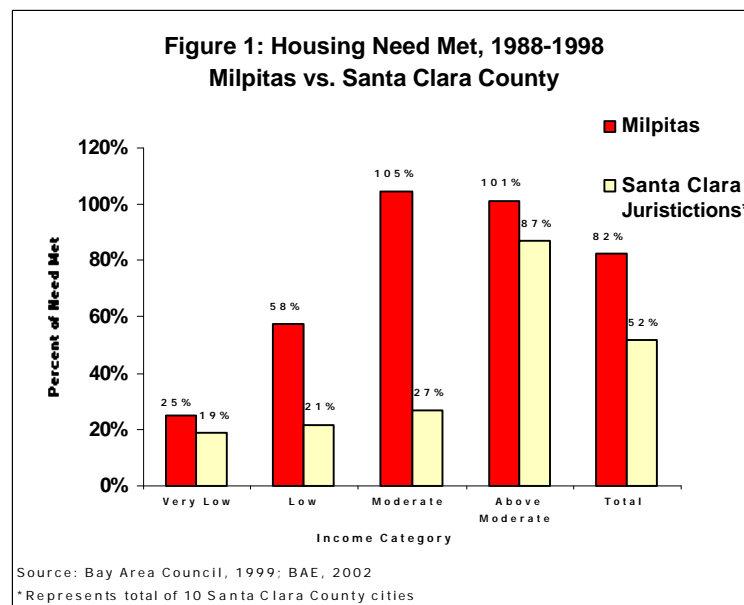
Equal Opportunity

To support equal housing opportunities in Milpitas, the City contracts with Project Sentinel to address fair housing complaints and resolve landlord/tenant dispute in the City. Project Sentinel receives \$16,000 from the City annually, and serves an estimated 100 Milpitas residents.

In addition, the City provided information and referrals regarding fair housing at the Milpitas City Hall. Housing staff are also available to refer questions regarding fair housing practices to appropriate agencies and advocacy groups, including Project Sentinel.

ABAG Housing Production Goals & Milpitas Housing Production Results

ABAG last established Regional Housing Needs Determinations for the Bay Area cities in 1989 for the period from 1988 to 1995. This time-frame was later extended to 1998, allowing jurisdictions to continue to fulfill their housing goals set in 1989. Based on this 1988-1998 time frame, Milpitas met 82 percent of the total estimated housing need of 3,709 units. This compares to an average of 56 percent of need met for all Bay Area jurisdictions over the ten year time frame, and 52 percent of need met for Santa Clara County jurisdictions¹. As shown in Figure 1 below, Milpitas exceeded housing production goals for moderate and above-moderate housing units, but fell short of housing production targets for very-low and low income households. Milpitas did, however, exceed the Santa Clara County average for both very-low, and low-income housing units produced.



Housing Element Changes

As presented above, the City of Milpitas has been successful at promoting housing development consistent with the goals and objectives outlined in the prior Housing Element. The changing patterns of land use and development in the City, however, demand a new and comprehensive approach to promoting medium and high-density housing development on infill sites. In Milpitas these sites will be located mainly in mixed use zones near transit, providing the City with the opportunity to promote high-quality transit and pedestrian oriented neighborhoods which include a full range of housing types and affordability levels. In addition, as the City's built-out, single-family residential areas mature, policies and programs must be established to assist with housing maintenance and preservation to ensure the continued high quality of the City's residential neighborhoods.

¹ Santa Clara County affordable housing production includes data for ten jurisdictions for which complete information was available between 1988 and 1998. This sample does not represent all Santa Clara County jurisdictions.

For the 2001-2006 Housing Element planning period, the Housing Plan has been reorganized to complement the City's planning efforts in medium, high-density and mixed-use zones, particularly the Midtown Specific Plan area. In addition, the guiding policy framework has been simplified by consolidating and eliminating redundancies wherever possible, ultimately resulting in a more efficient and straightforward plan to encourage high-quality residential development, as well as to ensure a full range of affordable housing. Finally, the updated Housing Plan includes specific Guiding Principles, Implementing Policies, and Programs for promoting the maintenance and improvement of established residential neighborhoods.

To establish better benchmarks to assess the progress toward achieving the city's housing goals, this updated Housing Element also presents a five-year action plan along with quantified objectives for the construction, rehabilitation and preservation of housing. The proposed Guiding Principles, Implementing Policies and Programs contained in this Housing Element Update have been modified from the prior Housing Element in light of the findings discussed above, and also based on the Housing Needs Assessment, Constraints Analysis, and Housing Resources inventory contained within the document.

Housing Needs Assessment

The purpose of the Housing Needs Assessment is to describe housing, economic, and demographic conditions in Milpitas, assess the demand for housing for households at all income-levels, and document the demand for housing to serve various special needs populations. The Housing Needs Assessment is intended to assist Milpitas in developing housing goals and formulating policies and programs that address local housing needs.

To facilitate an understanding of how the characteristics of Milpitas are similar to, or different from, other nearby communities, this Housing Needs Assessment presents data for Milpitas alongside comparable data for all of Santa Clara County and, where appropriate, for the San Francisco Bay Area as a whole.

This Needs Assessment incorporates data from numerous sources, including the United States Census; the Association of Bay Area Governments; the State of California, Department of Finance; and Claritas, Inc., a private demographic data vendor. One challenge for the preparation of this Housing Element Update is the statutory requirement for adoption of this Update by December 31, 2001, while updated data from the 2000 U.S. Census is only scheduled for limited release during 2001. As noted in the text and tables that follow, 2000 Census information has been incorporated, subject to availability and where practical.

Regional Context

Milpitas is a suburban city of 13.6 square miles in area that has experienced many of the benefits and challenges of the late 1990s Silicon Valley economic boom. Generally, San Jose limits the southern and western frontiers of Milpitas, the city of Fremont lies in Alameda County directly to the north, and the Milpitas boundary stops to the east in the hills of Ed Levin County Park. Milpitas has an extensive transportation infrastructure including Interstates 880 and 680, which function as the major north/south traffic routes through the city, and Highway 237, which terminates in Milpitas from the west. A Valley Transit Authority light rail line serves Milpitas from northern San Jose and Mountain View, and additional major transportation improvements including a BART extension are planned for the city¹.

Population & Household Trends

Population

As presented in Table 1 below, Milpitas' population grew at a significantly faster rate than Santa Clara County as a whole between 1990 to 2000. During this period, Milpitas increased from 50,686 to 62,698 persons, which translates to an average annual rate of 2.1 percent population growth versus Santa Clara County's average of 1.2 percent per year.

¹ Current plans call for a BART extension by 2006.

Age Distribution

Milpitas' age distribution, also shown in Table 1, closely matches that of Santa Clara County. In both Milpitas and Santa Clara County, there are large proportions of adults in the 25 to 34 and 35 to 44 age ranges, and a significant proportion of persons under 20 years old. From 1990 to 2000, the proportion of Milpitas residents in the 45- to 54-year-old age category grew most rapidly, increasing from 10.7 percent to 13.3 percent of the total population. Santa Clara County experienced a similar proportional increase in this age group, growing from 11.1 percent to 13.0 percent. The age cohort showing the sharpest decline as a share of the total population in both areas was the 25-to 34-year-old age group, which decreased from 23.9 to 19.0 percent in Milpitas, and 21.5 to 17.8 percent in Santa Clara County.

The median age in Milpitas was 33.4 in 2000, increasing from 30.6 in 1990. Santa Clara County experienced a parallel aging of its population, as evidenced by an increase in the median age from 31.9 to 34.0 years.

Households

A household is defined as a person or group of persons living in a housing unit, as opposed to persons living in group quarters, such as dormitories, convalescent homes, or prisons. The 2000 Census counted 17,132 households in Milpitas, as shown in Table 1. In line with Milpitas' faster population growth, between 1990 and 2000 the number of households in Milpitas increased by 2.0 percent each year on average, compared with a more modest average of 0.8 percent growth for Santa Clara County households.

Average Household Size

Average household size is a function of the number of people living in households divided by the number of occupied housing units in a given area. In Milpitas, the average household size in 2000 was a very high 3.47, exceeding the Santa Clara County figure of 2.92. Average household sizes in both areas increased marginally between 1990 and 2000.

Household Type

Households are divided into two different types, depending on their composition. Family households are those consisting of two or more related persons living together. Non-family households include persons who live alone or in groups of unrelated individuals. As shown in Table 1, Milpitas has a very large proportion of family households. Family households comprise 81.7 percent of all households in Milpitas, compared with 69.9 percent of Santa Clara County households.

Household Tenure

Households in Milpitas are much more likely to own than rent their homes. Approximately 69.8 percent of households living in Milpitas owned their own homes in 2000, a figure essentially unchanged from 1990. By comparison, only 59.8 percent of households in Santa Clara County owned their own residences in 2000, up slightly from 59.1 percent in 1990.

Table 1: Population and Household Trends

	Milpitas			Santa Clara County		
	1990 (a)	2000	Annual Growth '90-'00	1990 (a)	2000	Annual Growth '90-'00
Total Population	50,686	62,698	2.1%	1,497,577	1,682,585	1.2%
Households	14,099	17,132	2.0%	520,180	565,863	0.8%
Family Households	11,424	14,002	2.1%	359,677	395,561	1.0%
Average Household Size	3.37	3.47	0.3%	2.81	2.92	0.4%
Median Household Income	\$55,926	\$84,429		\$48,155	\$74,335	
Median Family Household Income	\$58,987	\$84,827		\$55,380	\$81,717	
Per Capita Income	\$17,359	\$27,823		\$20,294	\$32,795	
Age Distribution						
Under 5	10.1%	7.2%		8.9%	7.1%	
5-9	6.2%	6.9%		5.4%	7.2%	
10-14	6.7%	6.6%		6.0%	6.6%	
15-19	6.4%	6.6%		6.7%	6.4%	
20-24	8.0%	6.9%		8.4%	6.7%	
25-34	23.7%	19.0%		21.2%	17.8%	
35-44	18.1%	19.0%		16.3%	17.6%	
45-54	10.0%	13.3%		10.9%	13.0%	
55-64	6.1%	7.5%		7.5%	8.0%	
65-74	3.3%	4.6%		5.3%	5.2%	
75-84	1.3%	2.0%		2.6%	3.3%	
85 and over	0.3%	0.5%		0.8%	1.1%	
Total	100.0%	100.0%		100.0%	100.0%	
Median Age	30.6	33.4	0.9%	31.9	34.0	0.6%
Household Type						
Families	81.0%	81.7%		69.1%	69.9%	
Non-Families	19.0%	18.3%		30.9%	30.1%	
Household Tenure						
Renter	30.4%	30.2%		40.9%	40.2%	
Owner	69.6%	69.8%		59.1%	59.8%	

Sources: U.S. Census, 1990, 2000; Claritas Inc., 2001; BAE, 2002.

Notes: (a) Income figures from 1989.

Household Income

According to the 2000 U.S. Census, the median household income in Milpitas was an estimated \$84,429 in 1999. This figure is significantly higher than the median household income of \$74,335 for Santa Clara County in 1999. However, per capita income was approximately 18 percent lower in Milpitas than in Santa Clara County in 1999. This apparent contradiction in median household income and per capita income in Milpitas relative to the County is related to the larger average household size in Milpitas.

Table 2 summarizes the distribution of 1989 household incomes and 1999 household incomes for Milpitas and Santa Clara County. In general, household incomes increased significantly in both areas over the past ten years, with more than 38 percent of Milpitas households earning more than \$100,000 per year compared to 11.6 percent just ten years earlier. Much of that income growth can be attributed to inflation over the ten year period in the Bay Area.

Table 2: Distribution of Households by Income

Household Income	Milpitas				Santa Clara County			
	1989		1999		1989		1999	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than \$15,000	1,020	7.2%	846	4.9%	57,985	11.1%	41,762	7.4%
\$15,000 to \$24,999	835	5.9%	755	4.4%	53,200	10.2%	34,094	6.0%
\$25,000 to \$34,999	1,621	11.4%	945	5.5%	63,809	12.2%	39,417	7.0%
\$35,000 to \$49,999	2,462	17.4%	1,764	10.3%	95,514	18.3%	63,431	11.2%
\$50,000 to \$74,999	4,528	31.9%	3,050	17.8%	124,592	23.9%	106,536	18.8%
\$75,000 to \$99,000	2,073	14.6%	3,139	18.3%	66,624	12.8%	85,163	15.0%
\$100,000 to \$149,999	1,323	9.3%	3,716	21.7%	42,577	8.2%	105,937	18.7%
\$150,000 or greater	323	2.3%	2,943	17.2%	16,932	3.2%	90,145	15.9%
Tota(a)	14,185	100.0%	17,158	100.0%	521,233	100.0%	566,485	100.0%

Sources: U.S. Census, 1990, 2000; BAE, 2002.

Note: Total household figures may vary slightly from count provided by full census as income data is taken from the 17% sample.

Employment Trends & Jobs/Housing Balance

Table 3 provides a summary of the number of employed residents and employment by industry sector in Milpitas and Santa Clara County based on estimates from the Association of Bay Area Governments (ABAG).

Employed Residents

Milpitas' average annual growth in employed residents paralleled its relatively rapid population and household growth. From 1990 to 2000, Milpitas' population of residents with jobs grew from 26,392 to 33,800. This translates into an average annual growth rate of 2.5 percent, a significantly higher figure than Santa Clara County's 1.3 percent.

Local Employment Opportunities

Increasing 3.6 percent per year, the number of jobs in Milpitas grew at a faster average annual rate than the growth rate of employed residents. The total number of jobs increased from 36,630 in 1990 to 52,090 in 2000 for a net addition of 15,460 jobs.

All job categories grew in Milpitas between 1990 and 2000, with service and retail growing at the fastest average annual rates of 7.8 percent and 4.1 percent, respectively. The service sector added the largest absolute number of jobs (6,560), followed by manufacturing and wholesale (4,010). Manufacturing and wholesale activities represented the largest job sector by far in Milpitas with 49 percent of all jobs in 2000, though this represents a decline from the 59 percent share it held in 1990.

Table 3: Employment Trends

	Milpitas (a)				Santa Clara County			
	1990	2000	2010	Annual Growth Rate 90-00	1990	2000	2010	Annual Growth Rate 90-00
Employed Residents	26,392	33,800	37,500	3.6%	812,345	928,700	1,038,100	2.5%
Agricultural and Mining Jobs (b)	200	210	200	0.0%	7,210	7,430	7,320	0.2%
Manufacturing & Wholesale Jobs (c)	21,670	25,680	33,560	4.5%	339,880	348,670	395,880	1.5%
Retail Jobs (d)	4,450	6,650	7,070	4.7%	129,700	149,250	159,320	2.1%
Service Jobs (e)	5,880	12,440	15,710	10.3%	270,230	390,470	453,320	5.3%
Other Jobs (f)	4,430	7,110	8,660	6.9%	143,910	181,400	197,420	3.2%
Total Jobs	36,630	52,090	65,200	5.9%	890,930	1,077,220	1,213,260	3.1%
Employed Residents/Total Jobs	0.72	0.65	0.58		0.91	0.86	0.86	
Unemployment	4.1%	2.1%	n/a		3.9%	2.0%	n/a	

Notes:

(a) Includes sphere of influence.

(b) Includes all jobs in SIC codes 01-14.

(c) Includes all jobs in SIC codes 20-39 (manufacturing) and 50-51 (wholesale).

(d) Includes all jobs in SIC codes 52-59.

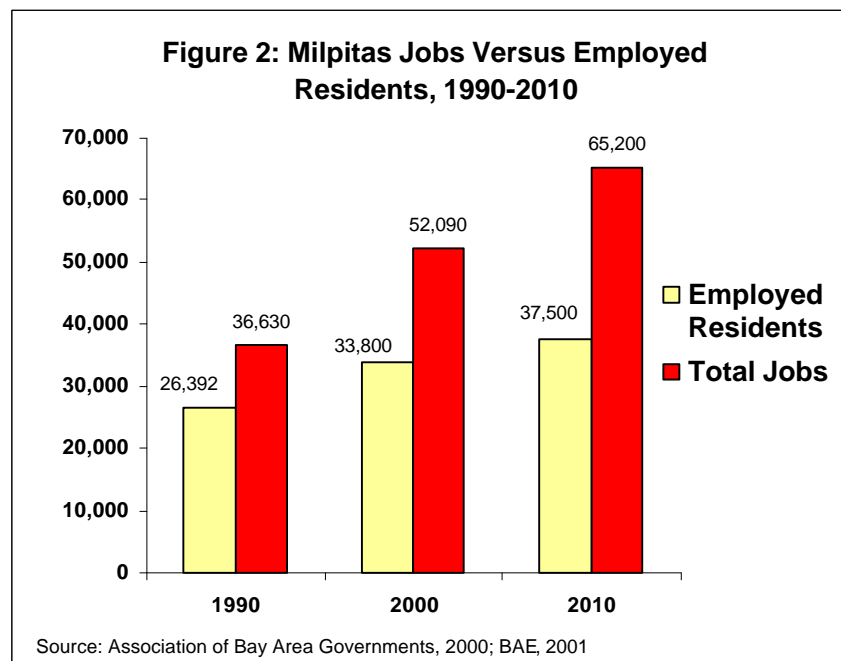
(e) Includes all jobs in SIC codes 70-89 and SIC code 074, such as the following services: personal, business, repair, motion pictures, amusement, and recreational, health, educational, legal, social, engineering, accounting, research, and management, as well as services provided by hotels and other lodging places.

(f) Includes all jobs in SIC codes 15-17, (construction); 40-49, (transportation, communication, utilities); 60-67 (finance, insurance, real estate); and 91-97 (government, including national security).

Sources: ABAG, Projections 2000; California Employment Development Department, 2001; BAE 2002.

Summary of Employment Trends

Milpitas can be characterized as an increasingly “jobs rich” community, meaning that the number of jobs exceeds the number of working residents. In 1990, the number of employed residents stood at 72.1 percent of the number of jobs in Milpitas. During the following ten years, the number of employed residents dropped to less than two-thirds of the number of jobs as Milpitas added twice as many jobs as employed residents. This phenomenon was significant but less pronounced in Santa Clara County overall, where the absolute number of jobs also increased more quickly than the population of employed residents. By 2000, Santa Clara County’s number of employed residents represented 86.2 percent of its employment. By 2010, Santa Clara County’s number of employed residents represented 86.2 percent of its employment.



Housing Stock Characteristics

Tables 4 and 5 below present comparative data on the existing housing stock in Milpitas and Santa Clara County. Table 4 breaks out the total housing stock in each area according to the type of structure in which units are located, and Table 5 lists the degree of crowding by owner-occupied and renter-occupied households.

Distribution of Units by Structure Type

As shown in Table 4, the vast majority of housing units in Milpitas are single-family detached homes but the number of units in large multi-family housing (defined as units in structures containing five or more dwellings) has more than doubled between 1990 and 2000. In 2000, 63.7 percent of Milpitas' homes were single-family detached dwelling units. This was a smaller share than the 67.3 percent proportion that single-family detached housing represented in 1990, but a much larger share than Santa Clara County's 55.3 percent in 2000. Large multi-family construction has started to change the landscape, adding nearly as many units as new single-family houses (1,267 versus 1,552, respectively) during the ten-year period. A robust average annual growth rate of 7.4 percent helped large multifamily units grow from 8.5 percent of all housing in Milpitas to 14.1 percent between 1990 and 2000. But at 14.1 percent in 2000, Milpitas still has a smaller proportion of multifamily housing units compared to Santa Clara County, where a quarter (25.2 percent) of all housing was in large multi-family structures in 2000.

Single-family attached homes represented the third largest housing category in Milpitas at 11.6 percent in 2000, a higher figure than the 8.5 percent proportion of all homes in Santa Clara County. The remaining housing categories, small multifamily homes (defined as units in structures containing 2-4 units) and mobile homes represented relatively small proportions of Milpitas' housing stock in 2000 and experienced little or no growth between 1990 and 2000.

Overcrowding

Overcrowding refers to a household with an average of 1.01 or more persons per room, with those rooms being bedrooms, kitchens, and dining rooms but not bathrooms. As shown in Table 5, Milpitan households were significantly more likely to be overcrowded than Santa Clara County households in 2000. Of all households in Milpitas, 19.5 percent were overcrowded versus 14.3 percent in Santa Clara County overall. Overcrowding was much more common in Milpitas' renter-occupied households, with a nearly a third (31.5 percent) overcrowded, while only 14.2 percent of owner-occupied households in Milpitas were overcrowded.

Table 4: Housing Type

MILPITAS

Housing Type	1990		2000		Net Production	Annual Growth 1990 - 2000
	Number	%	Number	%		
Single-Family Detached	9,734	67%	11,286	64%	1,552	1.5%
Single-Family Attached	1,710	12%	2,051	12%	341	1.8%
Multifamily (2-4 Units)	1,225	8%	1,307	7%	82	0.7%
Multifamily (5+ Units)	1,224	8%	2,491	14%	1,267	7.4%
Mobile Home	573	4%	572	3%	(1)	0.0%
Total	14,466	100%	17,707	100%	3,241	2.0%

SANTA CLARA COUNTY

Housing Type	1990		2000		Net Production	Annual Growth 1990 - 2000
	Number	%	Number	%		
Single-Family Detached	303,212	56%	325,874	55%	22,662	0.7%
Single-Family Attached	47,668	9%	50,045	8%	2,377	0.5%
Multifamily (2-4 Units)	42,096	8%	44,062	7%	1,966	0.5%
Multifamily (5+ Units)	126,338	23%	148,411	25%	22,073	1.6%
Mobile Home	20,926	4%	20,618	4%	(308)	-0.1%
Total	540,240	100%	589,010	100%	48,770	0.9%

Sources: California Department of Finance, Housing and Population Estimates, 1990-2000; BAE, 2002.

Table 5: Persons Per Household by Tenure

MILPITAS**Owner Occupied**

Persons Per Room	Households	Percent
0.5 or less	5,834	48.8%
0.51-1.00	4,415	36.9%
1.01-1.50	960	8.0%
1.51-2.00	491	4.1%
2.01 or more	251	2.1%
Total	11,951	100.0%

Total HH's w/1.01 or more persons 1,702
Total % of HH's w/1.01 or more persons 14.2%

Renter Occupied

Persons Per Room	Households	Percent
0.5 or less	1,246	24.0%
0.51-1.00	2,308	44.5%
1.01-1.50	864	16.7%
1.51-2.00	388	7.5%
2.01 or more	380	7.3%
Total	5,186	100.0%

Total HH's w/1.01 or more persons 1,632
Total % of HH's w/1.01 or more persons 31.5%

Total

Persons Per Room	Households	Percent
0.5 or less	7,080	41.3%
0.51-1.00	6,723	39.2%
1.01-1.50	1,824	10.6%
1.51-2.00	879	5.1%
2.01 or more	631	3.7%
Total	17,137	100.0%

Total HH's w/1.01 or more persons 3,334
Total % of HH's w/1.01 or more persons 19.5%

SANTA CLARA COUNTY**Owner Occupied**

Persons Per Room	Households	Percent
0.5 or less	217,546	64.2%
0.51-1.00	93,179	27.5%
1.01-1.50	14,695	4.3%
1.51-2.00	8,516	2.5%
2.01 or more	4,700	1.4%
Total	338,636	100.0%

Total HH's w/1.01 or more persons 27,911
Total % of HH's w/1.01 or more persons 8.2%

Renter Occupied

Persons Per Room	Households	Percent
0.5 or less	87,641	38.6%
0.51-1.00	86,593	38.1%
1.01-1.50	19,945	8.8%
1.51-2.00	18,490	8.1%
2.01 or more	14,558	6.4%
Total	227,227	100.0%

Total HH's w/1.01 or more persons 52,993
Total % of HH's w/1.01 or more persons 23.3%

Total

Persons Per Room	Households	Percent
0.5 or less	305,187	53.9%
0.51-1.00	179,772	31.8%
1.01-1.50	34,640	6.1%
1.51-2.00	27,006	4.8%
2.01 or more	19,258	3.4%
Total	565,863	100.0%

Total HH's w/1.01 or more persons 80,904
Total % of HH's w/1.01 or more persons 14.3%

Sources: US Census 2000; BAE, 2002.

Physical Conditions

As summarized in Table 6, approximately 1,638 housing units in Milpitas were constructed before 1960. Unless maintained carefully, older housing stock can pose health, safety and welfare problems for occupants. Even with normal maintenance, dwellings over 40 years of age can deteriorate, necessitating significant rehabilitation.

To assess the physical conditions of Milpitas' relatively small stock of older residential structures, a windshield survey was performed for this Housing Element (inspecting exterior building components visible from the public right-of-way only) of 147 housing units within 12 key residential areas. The exterior condition of existing housing units was surveyed, including a review of each unit's (1) roof, chimney, and gutters, (2) porches, stairs, garage, and fence, (3) doors and windows, (4) exterior surfaces, and (5) foundation. A point system was employed to rate the overall condition of each housing unit surveyed. Based on the housing unit's condition score, housing units were categorized as in "good," "fair," or "dilapidated condition." (See Appendix B for a complete description of the housing conditions survey methodology and sample survey sheet.)

As shown on Table 7, most units surveyed appeared to be in good condition and were not in need of rehabilitation or replacement. The windshield survey found only 14 percent (20 units) of the units surveyed to be in fair condition and three percent (4 units) in dilapidated condition. The survey found the largest number of units in fair condition in Census Tract 5044.18 (generally, between East Calaveras Rd. and Edsel Dr. east of Interstate 680), while the identified dilapidated units were limited to Census Tracts 5044.18, 5045.04, and 5045.05. The survey results suggest that there are no significant concentrations of dilapidated units in Milpitas, but that older neighborhoods in general have slightly higher proportions of units in fair or dilapidated condition.

Table 6: Milpitas Housing Stock by Year Built

Year Built	Milpitas		Santa Clara County	
	Number	%	Number	%
1990 to 2000	3,242	18%	48,770	8%
1980 to 1989	3,855	22%	88,384	15%
1970 to 1979	4,725	27%	147,416	25%
1960 to 1969	4,247	24%	141,534	24%
1950 to 1959	1,538	9%	102,285	17%
1940 to 1949	90	1%	29,897	5%
1939 or earlier	10	0%	30,724	5%
Total	17,707	100%	589,010	100%

Sources: U.S. Census, 1990; Department of Finance, 2001; BAE, 2002.

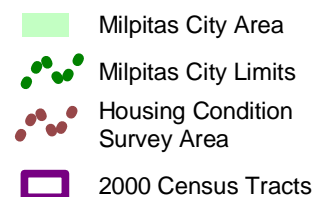
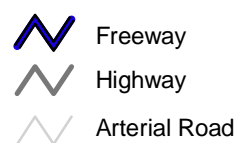
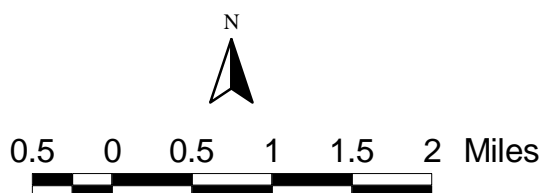
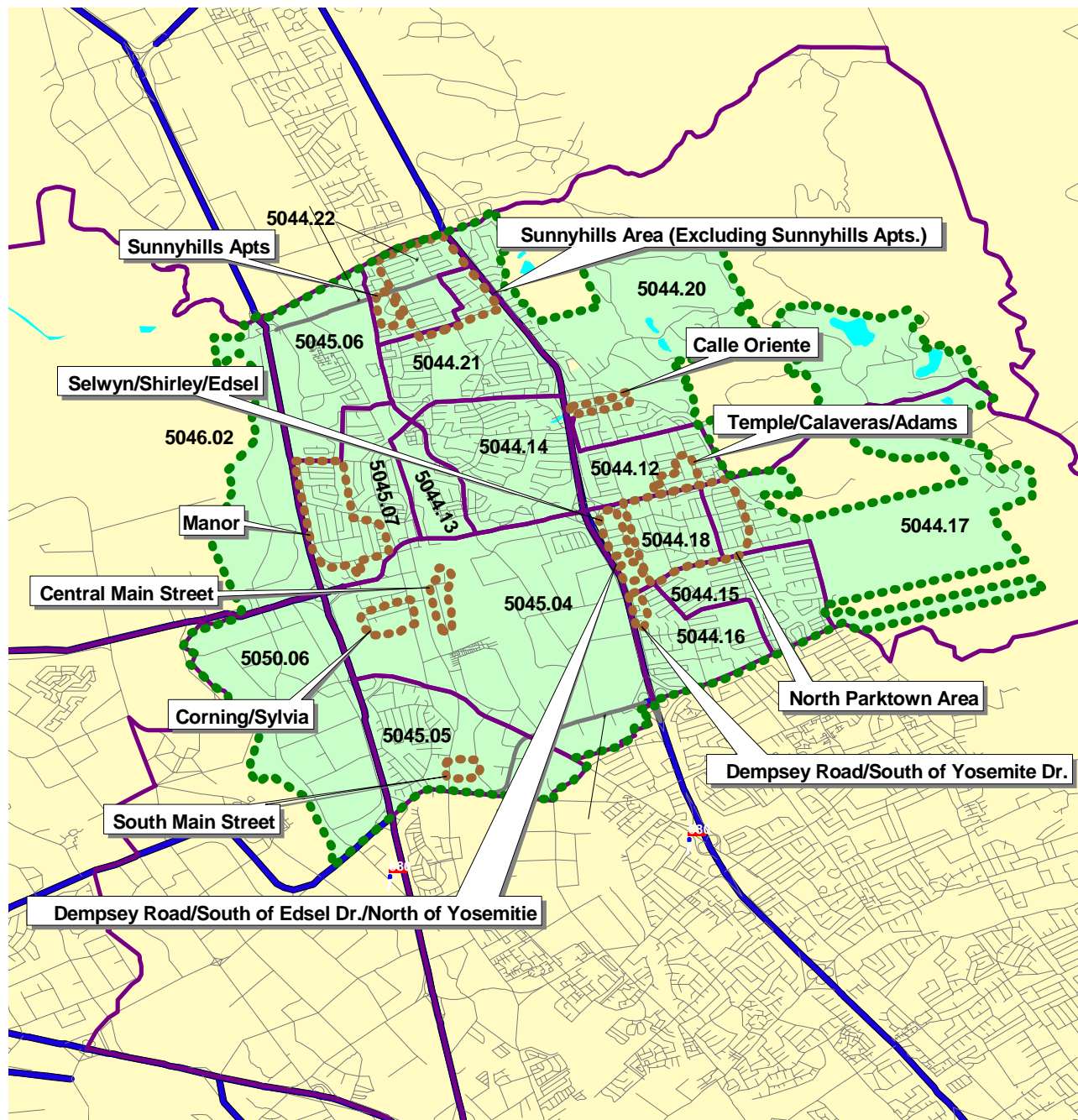
Table 7: Housing Conditions Survey

Study Area Sample	Number	Percent
<i>Census Tract 5044.12</i>		
Units in Good Condition	3	100%
Units in Fair Condition	0	0%
Dilapidated Units	0	0%
Total Units in Area	3	100%
<i>Census Tract 5044.16</i>		
Units in Good Condition	15	83%
Units in Fair Condition	3	17%
Dilapidated Units	0	0%
Total Units in Area	18	100%
<i>Census Tract 5044.17</i>		
Units in Good Condition	6	100%
Units in Fair Condition	0	0%
Dilapidated Units	0	0%
Total Units in Area	6	100%
<i>Census Tract 5044.18</i>		
Units in Good Condition	25	76%
Units in Fair Condition	7	21%
Dilapidated Units	1	3%
Total Units in Area	33	100%
<i>Census Tract 5044.20</i>		
Units in Good Condition	5	100%
Units in Fair Condition	0	0%
Dilapidated Units	0	0%
Total Units in Area	5	100%
<i>Census Tract 5044.21</i>		
Units in Good Condition	2	100%
Units in Fair Condition	0	0%
Dilapidated Units	0	0%
Total Units in Area	2	100%
<i>Census Tract 5044.22</i>		
Units in Good Condition	4	100%
Units in Fair Condition	0	0%
Dilapidated Units	0	0%
Total Units in Area	4	100%
<i>Census Tract 5045.04</i>		
Units in Good Condition	32	89%
Units in Fair Condition	2	6%
Dilapidated Units	2	6%
Total Units in Area	36	100%
<i>Census Tract 5045.05</i>		
Units in Good Condition	1	17%
Units in Fair Condition	4	67%
Dilapidated Units	1	17%
Total Units in Area	6	100%
<i>Census Tract 5045.07</i>		
Units in Good Condition	30	88%
Units in Fair Condition	4	12%
Dilapidated Units	0	0%
Total Units in Area	34	100%
All Housing Areas Surveyed		
Units in Good Condition	123	84%
Units in Fair Condition	20	14%
Dilapidated Units	4	3%
Total Units Surveyed	147	100%

Note: Census Tracts and Housing Areas are displayed in Figure Three.

Sources: U.S. Census, 2000; BAE windshield survey, October 2001 and July, 2002.

Figure 3: Milpitas Housing Conditions Survey Areas



Sources: U.S. Census, 2000; BAE, 2002

Market Conditions & Income Related to Housing Costs

This section of the needs assessment provides information on market conditions for housing in Milpitas. This information is important, because it reveals the extent to which the private housing market is providing for the needs of various economic segments of the local population. The information on housing market conditions is combined with information on the demographics of the local population to identify those segments of the population that face difficulties in securing housing in Milpitas at costs that do not place them under excessive housing cost burden. Detailed data collected for this section is contained in Appendix C, while Table 8 at the end of the discussion summarizes housing costs compared to incomes.

Rental Market Characteristics

A review of rental market conditions in Milpitas was conducted for this Housing Element by reviewing advertised apartment listings, and by obtaining Real Facts apartment data. Real Facts is a commercial database service that tracks rental apartment occupancy statistics and rents within Milpitas and other California cities. As shown in Appendix C, Real Facts reports rents for one-bedroom units averaging \$1,487 a month, a \$1,670 average monthly rent for two-bedroom units, and a monthly rent of \$1,730 on average for three bedroom units.

As part of the rental market survey, no currently renting studio or four-bedroom apartments in large, professionally managed apartment projects were identified in Milpitas. A review of classified advertisements in November of 2001, however, revealed one studio apartment for rent, and one four-bedroom house available for rent under a long-term lease. The monthly rental rates for these two units were advertised at \$1,100 and \$2,300 per month respectively. These rates are consistent with prevailing rates for similar units in the broader San Jose/Silicon Valley market area.

Based on apartment data and standard affordability guidelines that assume a household should not spend more than 30 percent of its gross income on rent, Table 8 at the end of this section displays the ability of Milpitas renter households to pay current market rents. As shown, very-low and low income households must pay significantly in excess of 30 percent of their incomes to compete in the current market without some form of rental subsidy. For very-low income households with five or more members the gap between income and market costs is especially large.

Rental Rate Trends.

After reviewing 1990 U.S. Census data and adjusting the median rent in 1990 to represent 2001 dollars, these median rents were compared with the current average rents that Real Facts reported. The 1990 median rent was approximately \$1,192 in 2001 dollars per month compared to an average rent of approximately \$1,620 in 2001. Based on these results, apartment rents within Milpitas have outpaced inflation over the last eleven years. In addition, from 1990 to 2001, median rents grew faster (5.8 percent) than the annual growth in median household income (4.7 percent). This comparison indicates that

household incomes have not kept pace with increases in rents, leading to decreased rental affordability over the last decade.

Single-Family Sales

For this Housing Element, single-family property transfer records were obtained from December 14, 2000 to June 14, 2001 from First American Real Estate Solutions, Inc., as summarized in Table C-2. During that seven-month period, the median single-family sales price in Milpitas was \$448,750. In comparison, using the California Housing and Community Development (HCD) maximum income standard for a five person moderate income household, the highest cost residence that a large moderate-income family could afford is \$412,109. For all but above moderate-income households, current market prices present a serious obstacle to single-family ownership.

Condominium Sales

Condominiums in Milpitas sold for a median price of \$325,000 between December 14, 2000 and June 14, 2001 with an average cost per square foot of \$298. Sales of this type of housing were limited to two and three bedroom configurations during the period and were affordable to moderate-income families but not low- or very low-income families. As discussed previously, a large, moderate-income family could qualify to purchase a residence costing up to \$412,109 which is well above the median three bedroom condominium price of \$350,000. However, a large, low-income family would have difficulty finding a three bedroom unit since it would only be able to qualify to purchase a condominium valued at up to \$271,522, a difference of \$78,478 from the median three bedroom price.

Vacancy Rates and Trends

Based on U.S. Census data, the vacancy rate for housing units in Milpitas is generally very low. The Census reported a vacancy rate of 2.5 percent in 1990, dropping to 1.3 percent in 2000. However, Real Facts, which surveys large apartment complexes, reports that the rental vacancy rate for Milpitas has increased substantially, reaching 6.9 percent in September 2001, up from an average of 0.4 percent in 2000. This dramatic increase in rental vacancy rates reflects a downturn in Bay Area Economy and a temporary softening of demand for rental units in the Silicon Valley. Over the long-run, however, supply and demand dynamics in the Silicon Valley region point to continued strong demand for housing, and low vacancy rates for all types of housing.

Households Overpaying for Housing by Income and Household Type

A household is considered to be overpaying for housing when it spends more than 30 percent of its gross income on shelter. The Association of Bay Area Governments (ABAG) recently estimated the number of low-income households overpaying for housing by tenure. These estimates are based on the 1990 Census and projected forward and applied to 2000 household estimates. According to ABAG, an estimated 63.1 percent of low-income renters, or 1,019 households, are overpaying for housing in Milpitas. Approximately 49.9 percent of low-income owners, or 1,048 Milpitas households, are estimated to overpay for housing. In addition, an analysis of the local housing market reveals a significant gap between market prices and rents and the ability of low- and very low-income households to afford adequate housing.

Table 8: Milpitas Housing Affordability, 2001

Income Group	Income Levels		Maximum Affordable Cost		Average Market Cost	
	Annual Income	Affordable Payment	Ownership (c)	Rental (d)	Ownership	Rental
<i>Very Low</i>						
One Person	\$30,550	\$764	\$111,268	\$764	\$345,109 (e)	\$1,487
Small Family (a)	\$39,300	\$983	\$143,136	\$983	\$345,109	\$1,670
Large Family (b)	\$47,150	\$1,179	\$171,727	\$1,179	\$427,941	\$1,730
<i>Low</i>						
One Person	\$48,350	\$1,209	\$176,098	\$1,209	\$345,109 (e)	\$1,487
Small Family (a)	\$62,150	\$1,554	\$226,359	\$1,554	\$345,109	\$1,670
Large Family (b)	\$74,550	\$1,864	\$271,522	\$1,864	\$427,941	\$1,730
<i>Moderate</i>						
One Person	\$73,350	\$1,834	\$267,151	\$1,834	\$345,109 (e)	\$1,487
Small Family (a)	\$94,300	\$2,358	\$343,454	\$2,358	\$345,109	\$1,670
Large Family (b)	\$113,150	\$2,829	\$412,109	\$2,829	\$427,941	\$1,730

Notes:

(a) Small family assumed to be three persons requiring a two bedroom unit

(b) Large family assumed to be five persons requiring a three bedroom unit

(c) Mortgage terms

Annual Interest Rate (Fixed) 7.0%

Term of mortgage (Years) 30

Percent of sale price as down payment 20.0%

Initial property tax rate (Annual) 1.10%

Annual insurance rate as a percent of sale price 0.75%

Homeowner's Dues \$0

PITI = Principal, Interest, Taxes and Insurance

Percent of household income available for PITI 30.0%

(d) Actual rental affordability is slightly lower assuming utility and insurance costs

(e) No one bedroom units sold during period; cost for one person household reflects two bedroom unit cost

Source: California Department of Housing and Community Development, 2001; BAE, 2002.

Assisted Housing at Risk of Conversion

State Law requires local Housing Elements to include an inventory of affordable housing developments that could be at risk of conversion to market rates during the 10-year period that follows the adoption of the Element. For those units found to be at risk of conversion, the Housing Element must estimate the cost to preserve or replace the at-risk units, to identify the resources available to help in the preservation or replacement of those units, and to identify those organizations that could assist in these efforts.

Inventory of Existing Affordable Units

Table 9 presents the inventory of affordable housing units in the City of Milpitas. This table also indicates the earliest dates of termination of affordability restrictions for each of the listed projects. As shown in the table, many of the projects have multiple funding sources that contribute to project affordability. Typically, this includes some form of subsidized mortgage financing in conjunction with redevelopment agency loans and/or other subsidies. Of the six projects listed in Table 9, three have affordability restrictions which are not subject to expiration, and two have restrictions which will expire beyond the planning horizon of this Housing Element.

Units At Risk of Conversion During Next Ten Years

The affordable housing developments at risk of conversion during the next ten years include those whose affordability restrictions expire in 2011 or earlier. As presented in Table 9, the lone project with affordability restrictions which will expire within the 10 year period following adoption of this element is the Sunnyhills Apartments with affordability restrictions expiring in October, 2011. Originally financed under the Section 236 and Section 8 programs in 1981, the project owners attempted to prepay their mortgage in 1990 under Sections 220 and 221 of the Low Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA). Originally a total of 104 units were supported through HUD Section 8 vouchers. Through the efforts of the City and HUD, project sponsors entered into a revised Plan of Action in December 1991 in which project affordability restrictions were retained in exchange for a modest increase in rental payments, and funding of an additional 45 Section 8 units. Under this revised 20 year agreement between HUD and the JMK Sunnyhills Investors II, affordability restrictions are in place until October 1, 2011 which provide for the following mix of affordable units:

79 Units Available to Very-Low Income Senior Households – Section 8

70 Units Available to Very-Low Income Households – Section 8

6 Units Available to Low Income Households

16 Available to Moderate Income Households

Options for retaining this affordable housing resource in the community include preserving the units, or replacing them. An analysis of these two options follows.

Preserve Affordability

Currently, HUD established Fair Market Rents (FMR) for the Sunnyhills Apartments are

generally lower than prevailing market rents in the Milpitas market area. As displayed in Table 10, cumulatively, the monthly subsidy being provided to these 171 units is \$12,349 per month, or \$148,188 per year in 2001 dollars. If the property owner is willing to enter into a rental subsidy agreement with the City or some other entity that would subsidize the rents on behalf of the lower-income renters, this is the ongoing cost to provide equivalent subsidies.

Replace Affordable Units

As an alternative to providing ongoing monthly rent subsidies, the City or another entity could attempt to purchase or develop replacement housing units that could be rented to the displaced lower-income households at similar rents. In order to make this possible, it would be necessary to provide a subsidy for the purchase or construction of the replacement units that would be the equivalent of \$148,188 per year in current dollars. The initial investment in existing or new housing units that would be necessary to allow a \$148,188 reduction in annual rent can be estimated by calculating the net present value of mortgage payments equal to \$12,349 per month on the theory that if the property manager (e.g., a non-profit housing organization) can reduce its required mortgage payments by \$12,349 per month, then it could reduce the rents that it needs to charge its tenants by a similar amount. Based on a 30-year mortgage term at 7.5 percent interest, it would take an initial investment of approximately \$1.75 million to reduce the monthly debt service by \$12,349 per month.

This analysis, however, likely understates the true cost of replacing the units, as it would be quite difficult to assemble an appropriate combination of subsidies to develop a similar project with the same mix of unit sizes and affordability levels. As will be discussed below, development costs per unit for a multifamily rental project run in excess of \$210,000 per unit in Milpitas at present, making the current development environment extremely challenging for all developers of affordable housing.

Financial Resources Available to the City to Assist in Preservation

Clearly, the costs are substantial to preserve or replace housing units that currently rent below market rates. In light of the challenge, the City must consider what resources are available to help preserve or replace those units so that lower-income tenants are not displaced in the event that the projects are converted to market rates. The City has access to a range of different funds that could potentially assist in a preservation effort including:

- City Redevelopment Agency
- CDBG Entitlement Funds
- Mortgage Revenue Bonds
- State Grant Programs
- Federal Grant Programs
- Low Income Housing Tax Credits
- HUD Section 8 “Mark to Market” Program
- Housing Trust of Santa Clara County

Once the City becomes aware of an impending conversion, it will be necessary for to begin exploring the availability of funding from various sources at that particular time. In many cases, the City will find it advantageous to collaborate with private affordable housing developers or managers to develop and implement a viable plan to preserve affordable housing units. Private developers can often bring additional expertise and access to funding, such as tax credits. The State Department of Housing and Community Development maintains a listing of affordable housing developers and property managers who have expressed an interest in working with local communities on preservation of affordable housing projects. This database lists organizations that are interested in working in any county within the State of California, including such well-known affordable housing providers as Mercy Housing, Inc., and EAH, Inc. The database also lists numerous organizations that have expressed interest in working on preservation projects in Santa Clara County in particular. This list includes such organizations as BRIDGE Housing Corporation, the Mid-Peninsula Housing Coalition, and Eden Housing. The organizations listed above are but a few of those listed in the HCD database that the City of Milpitas might consider as potential partners in the event that it becomes necessary to assemble a team to preserve an affordable housing project whose conversion to market rate housing is imminent.

Table 9: Inventory of Affordable Housing Developments

Project Name	Address		Project- Based Section 8	Bond- Financed	TOTAL UNITS	Notes
Crossing Apartments	Capitol Avenue & Montague Expressway	Elderly Units			0	\$3.2 million loan, \$500,000 fee wavier for Milpitas Redevelopment Agency
		Non-Elderly Units		94	94	
		Earliest Term. Date		project lifetime	94	
Montevista Apartments	S. Main St. & Great Mall Parkway	Elderly Units			0	\$3 million loan from Milpitas Redevelopment Agency
		Non-Elderly Units		306	306	
		Earliest Term. Date		2040	306	
Parc Metropolitan Great Mall Residential Project	S. Main St. & E. Curtis Ave.	Elderly Units			0	\$1.5 million subsidy, \$50,000/family subsidy for down payment for low-income for sale units for Milpitas Redevelopment Agency
		Non-Elderly Units		96	96	
		Earliest Term. Date		project lifetime	96	
Summerfield Homes	Great Mall Parkway & S. Abel St.	Elderly Units			0	\$3.6 million loan from Milpitas Redevelopment Agency
		Non-Elderly Units		22	22	
		Earliest Term. Date		2024	22	
Terrace Gardens	Beresford Ct. & N. Milpitas Blvd.	Elderly Units		150	150	\$14 million (100% of project) from Milpitas Redevelopment Agency
		Non-Elderly Units			0	
		Earliest Term. Date		project lifetime	150	
Sunnyhills Apartments	Dixon Landing Rd. & N. Milpitas Blvd.	Elderly Units	79		79	Regulated through Santa Clara County Housing Authority
		Non-Elderly Units	92		92	
		Earliest Term. Date	2011		171	

Note: (a) Total Units at Project, including non-rent restricted.

Source: City of Milpitas; BAE, 2002.

Table 10: Sunnyhills Apartments Preservation versus Replacement Cost Analysis

<u>Unit Type</u>	<u># Units</u>	<u>FMR (a)</u>	<u>Market Rents (b)</u>	<u>Per Unit Gap (c)</u>	<u>Total Gap (d)</u>
Studio	25	\$1,052	\$1,100	(\$48)	(\$1,200)
1BR	40	\$1,199	\$1,487	(\$288)	(\$11,520)
2 BR	61	\$1,481	\$1,670	(\$189)	(\$11,529)
3 BR	40	\$2,030	\$1,730	\$300	\$12,000
4 BR	5	\$2,280	\$2,300	(\$20)	(\$100)
Total	171				(\$12,349)
Yearly Cost to Preserve 171 Units					\$148,188
Total Cost To Replace Units (f)					\$1,750,158

Notes:

- (a) 2001 Fair Market Rents for the San Jose Metropolitan area as established by HUD.
- (b) Prevailing market rents in the City of Milpitas.
- (c) Represents the difference between Fair Market rents and prevailing market rents.
- (d) The total difference between rents received by project sponsors and the potential rental income that the project could received if all units were rented at prevailing market rates.
- (e) Represents the yearly cost to preserve current affordability levels in current 2001 dollars.
- (f) Represents the net present value of the yearly rent subsidy based on a 30 year mortgage period and an interest rate of 7.5 percent.

Source: BAE, 2002.

Population and Employment Projections

Table 11 on the following page outlines the outlook for population, households and jobs in Milpitas and Santa Clara County from 2000 to 2010. The figures represent the analysis conducted by the Association of Bay Area Governments using 1990 Census data and a variety of local sources, but does not reflect recently-released 2000 Census information. Milpitas and Santa Clara County are projected to experience moderate average annual population growth rates of 1.0 and 0.9 percent, respectively, and similar growth rates among households. However, the projected average annual job growth rate of 2.3 percent will outstrip the average annual population growth rate.

Table 11: Population and Employment Projections

	Milpitas				Santa Clara County			
	2000	2005	2010	Annual Growth 00-10	2000	2005	2010	Annual Growth 00-10
Total Population	66,200	70,200	72,900	1.0%	1,755,300	1,854,000	1,919,000	0.9%
Households	17,380	18,850	19,760	1.3%	567,080	594,750	620,760	0.9%
Employed Residents	33,800	35,400	37,500	1.0%	928,700	982,100	1,038,100	1.1%
Agricultural and Mining Jobs	210	210	200	-0.5%	7,430	7,400	7,320	-0.1%
Manufacturing & Wholesale Jobs	25,680	29,840	33,560	2.7%	348,670	375,990	395,880	1.3%
Retail Jobs	6,650	6,860	7,070	0.6%	149,250	153,730	159,320	0.7%
Service Jobs	12,440	14,570	15,710	2.4%	390,470	417,640	453,320	1.5%
Other Jobs	7,110	7,870	8,660	2.0%	181,400	190,570	197,420	0.8%
Total Jobs	52,090	59,350	65,200	2.3%	1,077,220	1,145,330	1,213,260	1.2%
Employed Residents/Total Jobs	0.65	0.60	0.58		0.86	0.86	0.86	

Source: ABAG Projections 2000, BAE, 2002.

Regional Housing Needs Determinations 1999-2006

Pursuant to California Government Code Section 65584, the State, regional councils of government (in this case, ABAG) and local governments must collectively determine each locality's share of regional housing need. In conjunction with the State-mandated Housing Element update cycle that requires Bay Area jurisdictions to update their Housing Elements by December 31, 2001, ABAG has allocated housing unit production needs for each jurisdiction within the Bay Area. These allocations set housing production goals for the planning period that runs from January 1, 1999 through June 30, 2006. The following is a summary of ABAG's housing need allocation for Milpitas, along with housing production data for the 1999-2001 time period.

Table 12: Milpitas Housing Need, 1999-2006						
Income Level	Total Units		Approved		Net Units Needed 2002-2006	
	#	%	#	%	Percent	%
Very-Low (0-50% of Median)	698	16.1%	94	10.2%	604	17.6%
Low (51-80% of Median)	351	8.1%	45	4.9%	306	8.9%
Moderate (81-120% of Median)	1,146	26.4%	51	5.6%	1,095	31.9%
Above Moderate	2,153	49.5%	728	79.3%	1,425	41.5%
Total	4,348	100.0%	918	100.0%	3,430	100.0%
Notes: (a) Represents total units needed during the 1999-2006 planning period according to the ABAG Regional Housing Need Determinations. (b) Represents units needed net of projects already completed, approved or under construction.						
Sources: ABAG, 2001; City of Milpitas, 2001; BAE, 2002.						

As shown in Table 13 below, Milpitas has already approved 918 units which have been completed or are currently under construction. Taking these units from the total of 4,348 units determined by ABAG, the City has a remaining target of 3,430 units for the planning period. Of this total, 58.5 percent of the units should be affordable to very low-low-, or moderate-income households.

Table 13: Housing Approved and Under Construction 1999-2002

	<u>Very Low 0-50% AMI</u>	<u>Low 51-80% AMI</u>	<u>Moderate 81%-120% AMI</u>	<u>Above Moderate 120% AMI +</u>	<u>Total</u>
Crossings Apartments (a) 755 East Capitol Avenue	94	0	0	374	468
Park Metropolitan (b) 133 Metro Drive & 950 S. Main Street	0	45	51	354	450
Total	94	45	51	728	918

Sources: City of Milpitas, 2001; BAE, 2001.

Notes:

(a) Bond Financed with affordability restrictions which apply throughout the project's lifetime. The Agency provided \$3.2 million in loans and \$500,000 in fee waivers. As of September, 2002 the very-low income units rented for the following monthly rates: 1-BR, \$900; 2-BR, \$1,080; 3-BR, \$1,259.

(b) Bond Financed with affordability restrictions which apply throughout the project's lifetime. The Agency provided \$3 million in loans. The project comprises 68 rental and 28 for-sale units. The low-income rental units rent for \$1,025 to \$1,065 depending on unit type; The moderate-income rental units rent for \$1,046 to \$1,095 depending on unit type; the low-income for-sale units sold for between \$190,000 and \$230,000 while the moderate-income units sold for between \$250,000 and \$300,000.

Special Housing Needs

This section of the needs assessment profiles populations with special housing needs, including large families, single parent families, persons with disabilities, elderly households, farm workers, and homeless persons and families.

Large Families

As discussed above, Milpitas has a higher proportion of families than Santa Clara County. Table 14 on the following page shows that Milpitas' families were also larger than Santa Clara County families. Family households comprised a very high 81.7 percent of all households in Milpitas versus 69.9 percent in Santa Clara County overall. The 3,982 families with five or more persons in Milpitas represented 28.4 percent of the city's family households, while this family size comprised a much smaller 21.7 percent of all families Santa Clara County.

As shown in Table 14, Milpitas and Santa Clara County had relatively similar distributions of housing units in 1990, as measured by the number of bedrooms. However, Milpitas had a larger 62.6 percent of units with three or more bedrooms versus Santa Clara County's 53.0 percent share. For both areas, the most common home configuration for renters was two bedrooms, while households that owned their own home were more likely to live in three-bedroom units than any other single housing type.

Table 14: Family Household Characteristics, 2000

	Milpitas			Santa Clara County		
	Number of Families	% of family households	% of all households	Number of Families	% of family households	% of all households
Family Households						
2 persons	3,438	24.6%	20.1%	135,622	34.3%	24.0%
3 persons	3,220	23.0%	18.8%	88,174	22.3%	15.6%
4 persons	3,362	24.0%	19.6%	86,090	21.8%	15.2%
5 persons	1,888	13.5%	11.0%	42,296	10.7%	7.5%
6 persons	1,035	7.4%	6.0%	20,315	5.1%	3.6%
7+ persons	1,059	7.6%	6.2%	23,064	5.8%	4.1%
Large Families (w/ 5 or more persons)	3,982	28.4%	23.2%	85,675	21.7%	15.1%
Total Family Households	14,002	100.0%	81.7%	395,561	100.0%	69.9%
Total number of All Households	17,132	n/a	100.0%	565,863	n/a	100.0%

Source: U.S. Census, 2000; BAE, 2002.

Table 15: Housing Stock by Tenure and Housing Size

MILPITAS

Number of Bedrooms	Owner Occupied		Renter Occupied		Total	
	Number	%	Number	%	Number	%
No Bedrooms	50	0.5%	150	3.5%	200	1.4%
1 Bedroom	566	5.8%	1,100	25.7%	1,666	11.8%
2 Bedrooms	1,995	20.3%	1,414	33.0%	3,409	24.2%
3 Bedrooms	4,161	42.4%	1,234	28.8%	5,395	38.3%
4 Bedrooms	2,620	26.7%	340	7.9%	2,960	21.0%
5+ Bedrooms	422	4.3%	47	1.1%	469	3.3%
Total	9,814	100.0%	4,285	100.0%	14,099	100.0%

SANTA CLARA COUNTY

Number of Bedrooms	Owner Occupied		Renter Occupied		Total	
	Number	%	Number	%	Number	%
No Bedrooms	1,297	0.4%	18,940	8.9%	20,237	3.9%
1 Bedroom	14,398	4.7%	68,756	32.3%	83,154	16.0%
2 Bedrooms	64,152	20.9%	76,921	36.1%	141,073	27.1%
3 Bedrooms	129,623	42.2%	36,940	17.4%	166,563	32.0%
4 Bedrooms	79,470	25.9%	9,970	4.7%	89,440	17.2%
5+ Bedrooms	18,384	6.0%	1,329	0.6%	19,713	3.8%
Total	307,324	100%	212,856	100%	520,180	100.0%

Sources: U.S. Census, 1990; BAE, 2002.

Female Headed Households

Single female-headed households with children tend to have a higher need for affordable housing than family households in general. In addition, such households are more likely to need childcare since the mother is often the sole source of income and the sole caregiver for children within the household.

Table 16 shows that in 2000, there were 862 single female householders with children in Milpitas, down from 988 in 1990. As a proportion of all families, such households represented 6.2 percent of all families in Milpitas, compared to 7.2 percent in Santa Clara County overall. In addition, there were approximately 128 single female-headed households with children living in poverty in Milpitas in 2000, assuming the poverty rate remained the same between 1990 and 2000. The U.S. Census Bureau sets poverty level thresholds each year and they are often used to establish eligibility for Federal Services. In 2000, a three-person household with two dependent children would fall below the poverty level if the household earned less than \$13,874.

Table 16: Single Female Householders with Children

Milpitas	1990		2000 (b)	
	Number	%	Number	%
Total Number of Households	14,099	100% of Total HH	17,132	100% of Total HH
Family Households	11,424	81% of Total HH	14,002	82% of Total HH
Below the Poverty Level	365	3% of Family HH	447	3% of Family HH
Single Female Householders with Children (a)	988	9% of Family HH	1,083	8% of Family HH
Below the Poverty Level	147	15% of Female Head HH	161	15% of Female Head HH

Santa Clara County	1990		2000 (b)	
	Number	%	Number	%
Total Number of Households	520,180	100% of Total HH	565,863	100% of Total HH
Family Households	359,677	69% of Total HH	395,561	70% of Total HH
Below the Poverty Level	18,074	5% of Family HH	19,877	5% of Family HH
Single Female Householders with Children (a)	32,424	9% of Family HH	34,773	9% of Family HH
Below the Poverty Level	4,878	15% of Female Head HH	5,231	15% of Female Head HH

Notes:

(a) Limited to children under 18 years old

(b) 2000 poverty data not yet available, population in poverty figures estimated using 1990 poverty rate

Sources: U.S. Census, 1990, 2000; BAE, 2002.

Seniors

Tables 17 and 18 focus on persons 65 years or older in Milpitas and Santa Clara County. The population of seniors in Milpitas grew at a rapid 6.0 percent average annual rate between 1990 and 2000, versus 2.1 percent for Santa Clara County seniors. As a result, the proportion of seniors among all persons in Milpitas increased from 4.9 percent in 1990 to 7.0 percent in 2000, but still did not approach the 9.5 percent of residents that seniors represented in Santa Clara County in 2000.

The income distributions among senior households in Milpitas and Santa Clara County in 2000 closely matched, with each income category containing a significant proportion of senior-headed households. Senior-headed households earning less than \$15,000 per year represented 16.2 percent of all senior-headed households in Milpitas, slightly below the 17.9 percent of senior-headed households in Santa Clara County overall.

Compared to the overall income distribution for the City of Milpitas (displayed in Table 2 above), senior-headed households earned much less, on average, than other Milpitas households. In 1990, only 3.7 percent of all households in Milpitas earned less than \$15,000 per year, compared with 16.2 percent of Milpitas' senior-headed households. In that many seniors households live on fixed incomes and have other assets which make up household wealth, this income distribution may not correlate directly with poverty and/or housing need. Census data does reveal that approximately 8.3 percent of senior households were living in poverty in 1990 compared to just 3.8 percent of all Milpitas households.

Table 17: Senior Population

MILPITAS	1990		2000		Annual Growth 1990-2000
	Number	% of Total Pop.	Number	% of Total Pop.	
Total Population	50,686	100.0%	62,698	100.0%	2.1%
Population 65 to 74	1,662	3.3%	2,877	4.6%	5.6%
Population 75 or greater	797	1.6%	1,534	2.4%	6.8%
Total Senior Population	2,459	4.9%	4,411	7.0%	6.0%

SANTA CLARA COUNTY	1990		2000		Annual Growth 1990-2000
	Number	% of Total Pop.	Number	% of Total Pop.	
Total Population	1,497,577	100.0%	1,682,585	100.0%	1.2%
Population 65 to 74	79,143	5.3%	87,193	5.2%	1.0%
Population 75 or greater	51,175	3.4%	73,334	4.4%	3.7%
Total Senior Population	130,318	8.7%	160,527	9.5%	2.1%

Sources: U.S. Census, 1990, 2000; BAE, 2002.

Table 18: Senior Households by Income, 2000

MILPITAS

Household Income	Seniors 65 to 74		Senior 75 and older		Total Seniors	
	Number	%	Number	%	Number	%
Less than \$15,000	113	9.1%	202	29.0%	315	16.2%
\$15,000 to \$24,999	201	16.1%	114	16.4%	315	16.2%
\$25,000 to \$34,999	128	10.3%	58	8.3%	186	9.6%
\$35,000 to \$49,999	137	11.0%	60	8.6%	197	10.1%
\$50,000 to \$74,999	185	14.8%	89	12.8%	274	14.1%
\$75,000 or greater	484	38.8%	174	25.0%	658	33.8%
Total Households	1,248	100.0%	697	100.0%	1,945	100.0%

SANTA CLARA COUNTY

Household Income	Seniors 65 to 74		Senior 75 and older		Total Seniors	
	Number	%	Number	%	Number	%
Less than \$15,000	6,617	12.0%	10,608	25.8%	17,225	17.9%
\$15,000 to \$24,999	6,313	11.5%	6,002	14.6%	12,315	12.8%
\$25,000 to \$34,999	5,199	9.5%	3,740	9.1%	8,939	9.3%
\$35,000 to \$49,999	6,342	11.5%	3,776	9.2%	10,118	10.5%
\$50,000 to \$74,999	9,075	16.5%	4,706	11.4%	13,781	14.3%
\$75,000 or greater	21,387	38.9%	12,355	30.0%	33,742	35.1%
Total Households	54,933	100.0%	41,187	100.0%	96,120	100.0%

Note: May not match 2000 Census household totals

Sources: Claritas Inc., 2001; BAE, 2002.

Persons with Disability

Work disabilities and practical limitations include non-temporary physical and mental conditions. Persons with a disability generally have lower incomes and often face barriers to finding employment or adequate housing due to physical or structural obstacles. Within the population of civilian, non-institutionalized residents, Milpitas and Santa Clara County had virtually identical proportions of persons with a work disability or practical limitation. In both areas, 2.4 percent of working-age residents had a disability that prevented them from working. Similarly, 5.1 percent of Milpitas residents 16 years of age or greater had a practical limitation that limited either their mobility or their ability to care for themselves, just under the 5.4 percent found in Santa Clara County.

Table 19: Persons with Disability, 1990 (a)

	Milpitas				Santa Clara County			
	16+ Years	%	Working Age (b)	%	16+ Years	%	Working Age (b)	%
Total Persons	35,338	100.0%	32,925	100.0%	1,157,454	100.0%	1,034,274	100.0%
Total Persons with any Work Disability Prevented from Working	2,535	7.2%	1,776	5.4%	93,395	8.1%	57,791	5.6%
	1,424	4.0%	799	2.4%	54,024	4.7%	24,909	2.4%
Persons with any Practical Limitation	1,791	5.1%	1,264	3.8%	62,088	5.4%	39,498	3.8%
Mobility Limitation Only	467	1.3%	254	0.8%	18,242	1.6%	8,876	0.9%
Self-Care Limitation Only	889	2.5%	781	2.4%	27,717	2.4%	22,673	2.2%
Self-Care and Mobility Limitation	435	1.2%	229	0.7%	16,129	1.4%	7,949	0.8%

Notes:

(a) Civilian, non-institutionalized persons only; disabilities and practical limitations include non-temporary physical and mental health conditions

(b) 16-64 years of age

Sources: U.S. Census, 1990; BAE 2002.

Farmworkers

As part of Milpitas' rapid growth over the past decade, the city has converted almost all of its remaining agricultural and ranching land to urban uses. However, the 2000 U.S. Census reported that there were 48 persons living in dormitories for farmworkers in Milpitas west of Interstate 880 and north of Highway 237. In addition, there were three vacant housing units intended for use by migrant workers in the north end of Milpitas so it is possible that some farm employment remains within the city.

According to the California Economic Development Department, the mean annual wage for farming, fishing and forestry occupations was \$16,520 (\$7.95 per hour) in Santa Clara County in 2000, assuming a 40 hour work week. If a worker earning this wage supports other household members who do not have incomes, the household would earn only 38% of the Department of Housing and Urban Development standard for a very low income household.

Families and Individuals in Need of Emergency or Transitional Shelter.

Demand for emergency and transitional shelter in Milpitas is inherently difficult to determine, but it is clear that at least some of Milpitas' families and individuals have experienced homelessness recently. Generally, episodes of homelessness among families or individuals can occur as a single event or periodically and persons of all ages can be affected. According to the HUD regulated 2001-2006 Santa Clara County Continuum of Care Plan, there were approximately 1,700 persons without shelter in the county on any given night in 1995 and an estimated 20,000 episodes of homelessness in the county in 2000.

A total of 1,213 beds serve those needing emergency shelter in Santa Clara County and another 1,277 beds are available for transitional housing needs. The main emergency and transitional shelter provider for homeless Milpitanians is the Emergency Housing Consortium (EHC), which generates a portion of its funding for its San Jose facilities from a contract with the City of Milpitas. The EHC provided emergency shelter to 25 individuals from Milpitas during the 12 month period ending June 30, 2001. Another 23 persons — including three families — lived in transitional housing provided by EHC during this period. Emergency shelter provided within the city of Milpitas is limited to the WATCH program, which provides 18 beds to meet the transitional housing needs of women and children who are victims of domestic violence.

Table 20: Milpitas Special Needs Groups

Special Needs Groups	Persons (a)	Households (a)	Percent of Milpitas
Seniors (65 years and older)		1,834	10.7%
Owners		1,393	8.1%
Renters		441	2.6%
Disabled (16 years and older) (b)	3,502		6.9%
Work Disability only (b)	2,535		5.0%
Mobility/Self-Care Limitation only (b)	1,791		3.5%
Work Disability & Mobility/Self-Care Limitation (b)	824		1.6%
Single Female Householders with Children		1,083	6.3%
Large Households		4,062	23.7%
Owners		2,842	16.6%
Renters		1,220	7.1%
Agricultural Workers (c)	48		0.1%
Homeless Persons (d)	66		0.1%

Notes:

(a) All figures reflect 2000 estimates unless otherwise specified

(b) 1990 Census figure used since 2000 data not yet available

(c) Number of persons living in dormitories for farmworkers

(d) Represents unduplicated clients formerly residing in Milpitas served at Emergency Housing Consortium facilities during one year and beds available at WATCH facility; likely an undercount

Sources: U.S. Census, 1990, 2000; Emergency Housing Consortium, 2001, Santa Clara County Continuum of Care Plan, 2001; BAE, 2002.

Summary

- Milpitas has experienced rapid population and household growth over the past ten years, growing from 50,686 persons and 14,099 households in 1990 to 62,698 persons and 17,132 households in 2000.
- The Association of Bay Area Governments (ABAG) projects that Milpitas will continue to experience population and household growth, increasing to 70,200 persons and 18,850 households by 2005.
- The population of Milpitas is relatively young compared to the County of Santa Clara with a larger percentage of persons under 25 and a smaller percentage over the age of 65. The City's median age was 33.4 year in 2000, increasing from 30.6 years in 1990.
- Milpitas households are relatively large with an average household size of 3.47 compared to 2.92 in Santa Clara County overall.
- Milpitas households are also overwhelmingly family households (81.7 percent) and homeowners (69.8 percent).
- The Milpitas economy added over 28,000 jobs between 1990 and 2000, growing at an annual average rate of 5.9 percent.
- Milpitas' housing stock is made up predominately of single-family detached homes constructed after 1960. Since 1990, however, the proportion of units in buildings of five or more units has increased from 8 to 14 percent, while the percentage of single-family detached units has declined from 67 to 64 percent.
- The physical condition of the City's housing stock is generally good to excellent, with only a small percentage of units evidencing major problems.
- Housing costs in Milpitas have risen over the last decade, presenting challenges for moderate and low-income households. Median sale prices for single-family and condominium units in Milpitas were \$448,750 and \$325,000 in 2001, while the maximum sale price affordable to a moderate income household was \$412,109.
- Housing rental rates have also risen rapidly in Milpitas in recent years, outpacing increases in household income. The 1990 median rent was approximately \$1,192 per month in 2001 dollars, compared to an average rent of approximately \$1,620 in 2001.
- According to the Association of Bay Area Governments, there are approximately

1,019 low-income renter households, and 1,048 owner households overpaying for housing in the City of Milpitas.

- There is one affordable housing project with 171 units at risk of conversion to market-rate rents over the next 10 years.
- The Association of Bay Area Governments (ABAG) has determined that Milpitas will need to add 4,348 housing units between 1999 and 2006. Of this total, Milpitas has already approved 918 units which have been completed or are currently under construction.
- Populations with special housing needs in Milpitas include large families, single-parent families, the disabled, seniors, farmworkers, and persons or families in need of emergency or transitional housing. Of these groups, large families make up a particularly large percentage of the Milpitas population, and face unique challenges in securing adequate and affordable housing.

Housing Constraints

Section 65583(a)(4) of the California Government Code states that the Housing Element must analyze “*potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels, including land use controls, building codes and their enforcement, site improvements, fees and other exactions required of developers, and local processing and permit procedures.*” Where constraints are identified, the City is required to take action to mitigate or remove them.

In addition to government constraints, this section assesses other factors that may constrain the production of affordable housing in Milpitas. These include infrastructure availability, environmental features, economic and financing constraints, and public opinion.

Government Constraints

Government regulations affect housing costs by limiting the supply of buildable land, setting standards and allowable densities for development, and exacting fees for the use of land or the construction of homes. The increased costs associated with such requirements are often passed on to consumers in the form of higher home prices and rents. Potential regulatory constraints include local land use policies (as defined in a community’s general plan), zoning regulations and their accompanying development standards, subdivision regulations, growth control ordinances or urban limit lines, and development impact and building permit fees. Lengthy approval and processing times also may be regulatory constraints.

General Plan

The Milpitas General Plan was last updated in 1994 and was recently amended to incorporate the Midtown Specific Plan land use designations and policies. The 1994 update was comprehensive, providing the policy and program direction necessary to guide land use decisions through the late 1990s and into the first decade of the 21st century. The existing Plan is current and legally adequate and is not considered an impediment to housing production.

As required by State law, the General Plan includes a land use map indicating the allowable uses and densities at various locations in the City. With the recent amendment incorporating the Midtown Plan, the General Plan identifies five categories of residential uses, distinguished from one another by unit type and density, and an overlay category for mobile homes. Single family densities are 3 to 5 units per acre in the “low” category and 6 to 15 units per acre in the “moderate” category. Multi-family densities are 7 to 11 units per acre in the “medium” category, 12 to 20 units per acre in the “high” category, and 31 to 40 units per acre in the “very high” category. Densities of up to 40 units per acre may be allowed in Multi-Family High Density areas through Planned Unit Developments (PUDs) provided that off-site impacts (such as traffic, infrastructure demand, and view obstruction) can be mitigated. Densities of up to 40 units per acre are also permitted in the “Town Center” land use category. Densities of up to 60 units per acre are permitted in the

“Very High Density” category within “transit-oriented development” overlay areas.

None of the City’s General Plan policies have been identified as housing constraints. The City’s land use policies emphasize the production of “a variety and mix in housing types and costs” (Policy 2.a-I-12), and “housing types and densities that meet the needs of individuals and families” (Policy 2.a-G-3). Policies also call for housing to “meet the City’s fair share housing obligations” (Policy 2.b-I-3), and for the maintenance of a jobs-housing balance.

The General Plan contains very few policies addressing the siting or design of housing, other than those pertaining to hillside areas. Although the City’s land use policies call for very low densities in the hills, they allow “clustered housing and planned unit development” in such areas to preserve natural character (Policy 2.a-I-14). Thus, even in hillside areas, the General Plan creates limited opportunities for housing production.

Zoning Ordinance

The Milpitas Zoning Ordinance establishes development standards and densities for housing. The Ordinance includes provisions for an R1 Single Family District, an R2 One- and Two-Family Residential District, and an R3 Multiple Family Residential District.¹ A March 2002 amendment to the Ordinance added a new R4 Very High Density Residential District, and a new Mixed Use District which allows high density housing as well as commercial uses. The Zoning Map is consistent with the General Plan, and the Ordinance provisions are compatible with General Plan land use categories.

The R1 District includes seven sub-districts which vary by minimum lot size from 2,500 square feet to 10,000 square feet. Lot widths vary from 30 feet to 80 feet, depending on the subdistrict. Front, side, and rear setbacks also vary by subdistrict. Most large-scale residential development in the City is processed through Planned Development (PD) applications, allowing variations from these standards as long as overall site densities are maintained. The setback and lot width requirements have not been development constraints in the past. Maximum building height is 30 feet, which is sufficient to accommodate a wide range of single family housing types on flat terrain.

In the R2 zone, minimum lot sizes of 6,000 and 8,000 square feet apply, lot widths range from 55 to 70 feet, and setbacks vary depending on unit type. These standards have not constrained housing production, in part because very little vacant R2 land exists. This district is primarily applied to older areas that were developed with duplex-type housing before 1980 and is unlikely to be used in new housing areas.

In the R3 zone, multiple family housing is permitted by right. Group dwellings are permitted with a Conditional Use Permit. A 35-foot height limit applies, but this limit may be waived with no ordinance-defined maximum height when densities exceed 20 units per

¹ The ordinance also establishes an Agricultural Residence District with minimum lot sizes of 15 to 20 acres. This District has only been mapped in the hillside areas, where geologic constraints and limited access and services preclude more dense development.

gross acre. The R3 district requires a minimum lot size of 8,000 square feet and requires at least 2,000 square feet of lot area per dwelling unit. This effectively limits densities to 21 units per acre. This is not considered a development constraint, in part because there are no vacant R3 sites remaining in the City. Moreover, the “lot area per unit” requirement may be waived if a project is submitted as a Planned Development (PD). The Ordinance’s Planned Development (PD) provisions allow up to 40 units per acre where findings can be made regarding public benefit, General Plan consistency, and off-site impacts. These provisions have been used in the past to justify higher densities and will continue to be used in the future. The Zoning Ordinance also allows reduction of the R3 density standard to 1,000 square feet of lot area per unit where the project includes efficiency apartments.

A new zoning district—the R4 zone—was created on March 19, 2002 concurrently with the approval of the Midtown Specific Plan. The zone was specifically created to correspond to the “very high density” housing sites identified in the Midtown Plan and has been applied to more than 170 acres of former commercial and industrially-zoned sites. Multi-family housing and planned unit developments are permitted in the R4 zone by right. Conditional uses are similar to those permitted in the R3 zone and include group dwellings. Almost all non-residential uses are prohibited in the R4 zone, rendering most of the existing older commercial and industrial uses in this district non-conforming.

Densities of up to 40 units per acre are permitted by right in R4, with densities of up to 60 units per acre allowed by right within transit-oriented development (TOD) overlay zones. The TOD overlays apply to land within one quarter mile of planned transit stations. Minimum density standards apply to all R4 parcels requiring at least 31 units per acre for sites outside of TODs and 41 units per acre with TODs.

Development within the R4 zone is subject to a height limit of four stories or 60 feet outside TOD areas, and a height limit of five stories or 75 feet within TOD areas. Front yard setbacks in the R4 zone range from 8 to 15 feet, while side and rear yard setbacks are each 10 feet. Porches, stairs, awnings, and other compatible elements are permitted within the front setbacks, and accessory buildings or roads are permitted in the side and rear setbacks. The height and setback requirements do not pose a development constraint and have been structured specifically to accommodate large scale high density projects. Most of the R4 housing sites are quite large (more than one acre), providing a significant development envelope.

Exceptions to the development standard are allowed with a Use Permit, subject to findings of compatibility and public benefit by the Planning Commission. By requiring a Use Permit instead of a Variance, the City has made it easier for an applicant to obtain relaxed development standards. The Use Permit findings must simply show consistency with the General Plan and Zoning Ordinance and demonstrate that: (1) the use will not be detrimental or injurious to property or improvements in the vicinity, nor to public health, safety and general welfare; and (2) that the use is compatible and aesthetically harmonious with surrounding development. Variance findings, by contrast, are more restrictive,

requiring: (1) special conditions or extraordinary circumstance applicable to the property involved or its intended uses, which were not created by the owner and which do not apply generally to other properties with the same land use; and (2) that literal enforcement of the provision of the Zoning Ordinance will result in unnecessary hardship inconsistent with the spirit and intent of the ordinance.

A new MXD (Mixed Use) zone was also created concurrently with the adoption of the Midtown Specific Plan. Multi-family housing is permitted by right in this zone, as are most retail, office, and commercial service uses. The mixing of uses on individual parcels is allowed but not required—projects which are entirely residential are permitted. The MXD zone allows densities of up to 30 units per acre outside of TOD areas, and 40 units per acre within TOD areas. A minimum density requirement of 21 units per acre applies.

Development within the MXD zone is subject to a height limit of three stories or 45 feet outside the TOD areas, and four stories or 60 feet within the TOD areas. Floor area ratio also apply within this zone, but only for commercial projects. Setbacks are the same as those in the R4 zone, and similar allowances have been made for exceptions. In a few cases, a “built to” line has been established in the front yard areas to create a more pedestrian-oriented street environment. None of the MXD development standards constrain multi-family development; in fact, the standards were specifically developed to promote multi-family housing.

The Zoning Ordinance requires 25 percent of the total lot area in the R-3 zone to be landscaped or set aside as recreational open space. It also requires 200 square feet of usable open space to be provided for each dwelling unit (including private balconies and decks). The per-unit usable open space may count toward the 25 percent requirement. However, the space may not count toward the City’s parkland dedication requirement, which is 5 acres per 1,000 residents—or payment of a fee of equivalent value (see discussion under “Fees” later in this section).

These requirements have been reduced in the R4 and MXD zones, both as a development incentive and as a means of achieving higher densities within Midtown. Projects in these two zones are subject to a 3.5 acre per 1,000 residents open space standard (rather than a 5 acre standard) and may use private (e.g. balconies and decks) or common open space (e.g. courtyards, lawns, etc.) as credit toward up to 1.5 acres of this standard. This is a significant concession intended to spur redevelopment on Midtown parcels.

Parking requirements vary by zone. In the R1 and R2 Zones, two on-site spaces per dwelling are required—the Ordinance does not specify whether the spaces must be covered and/or non-tandem. In practice, non-covered and tandem parking have both been allowed. In the R3 zone, two spaces per unit are also required, including one that must be covered. Additional parking spaces (equivalent to 20 percent of the total project requirement) must be provided for guests. In other words, a 10-unit project would require 24 spaces. Reduced parking (one space per unit) is permitted for efficiency units. These requirements will have minimal effects on future housing development in the City, since the vast

majority of the City's new housing sites are in the newly created R4 and MXD (mixed use) zones.

Parking requirements for the R4 and MXD zones are lower than those that currently apply elsewhere in Milpitas. The following concessions have been made:

- The requirement for one bedroom apartments has been reduced from 2 spaces to 1.5 spaces
- The guest parking requirement has been reduced from 20 percent to 15 percent of the required spaces.
- In the MXD district, on-street parking adjacent to the building's street frontage may be counted toward the requirement.
- A reduction of 20 percent is permitted for any project within a TOD overlay zone.

The last requirement is particularly important to achieving the densities allowed by the Midtown Plan.

The R3 parking and landscaping requirements for multi-family projects are comparable to nearby jurisdictions but the R4 and MXD requirements are more lenient. The higher densities, more flexible parking standards, and reduced open space requirements in the Midtown area make structured parking more feasible. Similar changes should be considered in the TC (town Center) zoning district, to stimulate the development of new housing on underutilized shopping center sites in the Calaveras/North Milpitas Boulevard area.

The Zoning Ordinance also includes provisions for shared parking, enabling the space requirements to be reduced for adjacent uses with different peaking characteristics. Section XI-10-53.07 allows a 50 percent reduction in the parking requirement for a church, theater, or bowling alley where such use is proximate to banks, offices, retail stores, and other "daytime" uses—and vice versa. Shared parking is also encouraged by the Midtown Specific Plan and is specifically allowed in the MXD zoning district.

Housing is generally not permitted outside of the residential zoning districts in Milpitas, although there are exceptions. For instance, the Highway Services (HS) District lists "residential buildings" as a conditional use. The Administrative and Professional Offices (CO) District identifies "planned developments" as a permitted use, presumably including residential planned unit developments. In addition, the Town Center (TC) District identifies residential uses of up to 40 units per acre as a conditional use, subject to a floor area ratio of 0.85 and a variety of development standards. As mentioned above, revisions to the TC development standards should be considered to facilitate future housing development.

The City has adopted a Density Bonus Combining District to encourage the provision of affordable housing. The District can be applied in all residential zones where a developer agrees to reserve 20 percent of the units in a project for lower income households, or 10 percent for very low income households, or 50 percent for senior households. Density bonuses may apply to any project of 5 units or more and the affordability restrictions must

remain in place for at least 30 years. A 25 percent increase above the base density is allowed for qualifying projects, and opportunities for additional reductions in development standards are permitted if the percentage of affordable units exceeds the targets.

The City's Density Bonus provisions comply with the Government Code and have been effectively used to create affordable housing in the past. However, the use of a "Combining District" to allow such a bonus creates an extra step in the development process and is potentially cumbersome. An action program in this element recommends eliminating this overlay district, and allowing density bonuses for qualifying projects in all single family and multi-family residential zones, in the Mixed Use zone, and in the Town Center zone.

The Zoning Ordinance also includes provisions for an "S" Combining District—projects within this District are subject to site and architectural review, along with submittal requirements relating to such attributes as exterior materials, signage, lighting, landscaping, and access. The purpose of the "S" district is to ensure that the design of new development is compatible with its surroundings and sensitive to environmental constraints. The designation applies to virtually all projects in the City except single family detached homes. Projects with the "S" designation are not subject to additional public hearings or extra levels of review. The "S" designation simply means that the design of the project is evaluated as part of the regular approval and public hearing process. A \$1,000 design review fee is required as part of the application.

Approval of projects in the "S" District requires that the Planning Commission make the following findings:

1. The layout of the site and design of the proposed building, structures, and landscaping are compatible and aesthetically harmonious with adjacent and surrounding development.
2. The project is consistent with the Milpitas Zoning Ordinance
3. The project is consistent with the Milpitas General Plan.

For projects with the Midtown area, the design guidelines in the newly adopted Specific Plan are used to make the first of these determinations. Many of the larger projects within Midtown are expected to be processed as Planned Development (PDs). In such cases, a similar design review process would be followed, but the "S" District provisions would not apply.

The City has also established a process for applicants wishing to make modifications or amendments to an approved design or alterations to an existing structure. Major modifications such as significant revisions to approved drawings or additions of 10,000 square feet or greater, require that the project be submitted to the full Planning Commission. Minor modifications to an approved design or minor changes to an existing structure may be approved by Staff or by a subcommittee consisting of two Planning Commissioners. No public hearing is required. The Zoning Ordinance identifies the specific types of minor changes or alterations which may be approved by staff and those

which may be approved by the Planning Commission Subcommittee.

The S overlay is important tool to ensure that new higher density housing is compatible with adjacent uses and fits within the fabric of the community. The requirement it is not considered a development constraint.

Finally, a Mobile Home Park (MHP) Combining District exists to accommodate mobile home parks—this district may be mapped only in certain residential districts and also in the HS District. The Ordinance establishes a 25-acre minimum lot requirement for mobile home parks. Although this could be a constraint to the development of mobile home parks, there are conditional use provisions to allow parks on smaller sites. The Zoning Ordinance also allows mobile homes in all single family districts, subject to site plan and architectural review. General design parameters for mobile homes in such areas are included (they must have exterior materials and roofing comparable to those elsewhere in the vicinity, etc.). Manufactured housing units are likewise permitted in all residential zoning districts.

Provisions for Homeless Shelters, Group Homes, and Farmworkers

The Zoning Ordinance allows “group dwellings” which are presumed to include homeless shelters and transitional housing, as conditional uses in the R3 and R4 zones. Pursuant to State law, small group homes (serving six or fewer residents) are permitted by right as accessory uses in the R1, R2, R3 and R4 zones. Group dwellings are subject to the same standards as other development in the R3 and R4 zones. There are no special development requirements, policies, or procedures which would impede such uses from locating within an R3 or R4 district. Because all R3 sites in Milpitas are currently developed, the principal opportunities are on the R4 sites within the Midtown Specific Plan.

Farmworker housing is a conditionally permitted use (Section 7.02-26) in any district where it is deemed essential to public convenience or welfare and is consistent with the General Plan. This is a broad finding and does not pose a constraint to locating farmworker housing in Milpitas. There are no special development standards or procedures for farmworker housing. However, the high cost of land, absence of seasonal agriculture, and lack of a significant farmworker population in the City make it unlikely that proposals for farmworker housing will be received in the future.

Urban Growth Boundary and Hillside Development Policies

The City of Milpitas has adopted an Urban Growth Boundary (UGB) that delineates the ultimate extent of the urbanized area. The UGB was approved by local voters in 1998. The boundary is intended to remain in place through 2018 and can only be amended through a majority vote. The UGB includes no provisions related to residential development capacity or growth control and was primarily created as a hillside protection measure. (The UGB is depicted in the Figure 4: Adequate Sites Map below)

Much of the land beyond the UGB is steep, subject to geologic and wildfire hazards, and visually sensitive. Other areas are relatively close to existing services and potentially build able. In the absence of the UGB, there is a strong probability that the more gently sloping

areas would be proposed for large-scale residential subdivisions. Such projects would still require General Plan Amendments, annexations, rezoning, and utility extensions before they could proceed.

The UGB has primarily impacted the above moderate-income housing market and has had little or no impact on low and moderate income households. Comparable areas in Fremont and San Jose have been developed (or are being developed) with homes in the \$700,000 to \$2,000,000 range. The high cost of hillside construction, the prestige associated with a “view” or hillside home, and the general character of the area make it difficult to build more affordable housing in these areas. Utility and road extensions would be costly. Higher density housing in this area would require large-scale grading, cuts and fills, and would have substantial adverse environmental impacts. Moreover, the potential for landslides and wildfire in the hillside areas suggest that increasing population densities in these areas could be imprudent.

The City has Worked proactively to mitigate any impacts of the UGB on the supply of housing by significantly increasing the residential development potential of land within the existing urbanized area. The rezoning of several hundred acres of former commercial and industrial sites within the Midtown area for very high density residential and mixed use development has more than compensated for the loss of development potential outside the UGB. Moreover, the viability of affordable housing within Midtown is far greater than it would be on sites outside the UGB, given the higher densities permitted and the proximity to mass transit and urban services.

Public support for the UGB remains very high and major revisions appear unlikely during the next few years. The boundary is in keeping with the general principles of “smart growth” advocated by the Association of Bay Area Governments and planning agencies throughout the Bay Area.

A limited amount of development potential does exist beyond the USB, subject to a slope density formula that dictates the minimum lot sizes. The formula sets a 10-acre minimum lot size for parcels with an average slope of 10 percent or less, and an 80-acre minimum for parcels with a slope of 50 percent or more. Parcels with slopes between 10 and 50 percent are subject to minimums ranging from 10 to 80 acres, determined by a numerical equation. Additional regulations limit the height and visibility of structures in the hillside area, and establish special construction, landscaping, grading, and lighting requirements. The Planned Development (PD) provisions of the Zoning Ordinance allow densities on hillside sites to be transferred to the flatter areas on very large parcels, thereby making a limited amount of development feasible in these areas during the coming years.

Second Units

Second units are addressed in Section XI-10-4.04 of the Milpitas Zoning Ordinance. The Ordinance indicates that second units are allowed in single family zones with a use permit, where the following conditions are met:

- The unit may not be sold, and the owner must reside on the property, either in the primary unit or in the second unit.
- The lot is at least 6,000 square feet and is located on a corner.
- The unit is attached to the main residence and is located within the living area of that residence.
- The unit is no more than 475 square feet in size and has not more than one bedroom.
- If the unit is to be created through an addition, it may not exceed 10 percent of the existing floor area.
- The unit must conform to height, setback, and other architectural criteria that apply to residences in that district.

These requirements allow second units in a manner that sustains the character of single-family neighborhoods. The corner lot and 6,000 square foot minimum lot size requirements limit the pool of eligible applicants. One possible outcome of the City's second unit requirements is that there may now be illegal or non-conforming second units in the City's single family neighborhoods.

Site Improvement Requirements

Residential developers are responsible for constructing road, water, sewer, and storm drainage improvements on new housing sites. Where a project has off-site impacts, such as increased runoff or added congestion at a nearby intersection, additional developer expenses may be necessary to mitigate impacts. These expenses may be passed on to consumers.

Chapter XI-1 of the Milpitas City Code (the Subdivision Ordinance) establishes the requirements for new subdivisions, including local street rights-of-way and curb-to-curb widths (56' and 36' respectively), sanitary sewer and storm drainage lines, and easements. There are no special provisions or exceptions in the Subdivision Ordinance for affordable units, although the City Council has the discretion to consider such exceptions. The City allows narrower streets within new subdivisions if these streets are privately owned and maintained, and if safety and emergency access concerns are adequately addressed.

The Ordinance also includes park dedication and fee standards in the event that parkland is not provided on site. The City's park dedication standards and fees do not pose a constraint to market rate housing, and have recently been revised to further support the development of affordable housing. In most cases, the fee is calculated by applying a 5 acre per 1,000 resident standard to the projected population of a development, determining the land area that should be set aside for parks, and calculating the equivalent value of that area based on the land's assessed value. Until recently, a standard of 2.69 persons per housing unit was used in this formula. However, recent revisions have been made so that developers may deviate from the household size formula by submitting a professionally prepared study on their specific project's population generation. In addition, the City has established a revised process for setting the dollar value per acre to be used in the park in-lieu fee. Rather than relying on land value at the time a subdivision map is recorded, the

City now calculates the fair market value of land to accurately reflect real estate market conditions and address developer needs to have cost estimates of in-lieu fees earlier in their financing process. The overall impact of these changes has been to reduce risk in the financing and development of affordable housing.

Building Codes

The City of Milpitas has adopted the Uniform Building Code (UBC), the National Electrical Code, the Uniform Mechanical and Plumbing Code, and the Uniform Fire Code. It also enforces the California Energy Commission's Title 24 standards for energy efficiency. City codes are updated regularly as these codes and standards are updated at the state and national levels.

The City has not adopted any special requirements above and beyond those in the UBC. Class B (or better) roofing is required in new residential construction on the Valley Floor. Structures on the hillsides are subject to special engineering criteria for high wind, representing an added cost for the small number of homes that may eventually be built in these areas. These structures are also subject to fire-retardant roofing standards and sprinkler requirements. The City allows the use of the more flexible State Historic Building Code for historic structures, although the number of eligible structures is small.

While the UBC contains no prohibitions on exterior building materials, the Midtown Specific Plan would disallow certain materials. These include vinyl, aluminum, and T-111 siding, and horizontal sliding or plastic snap-in windows. These prohibitions should not affect housing affordability or production. Recent affordable housing projects in the City have used stucco or wood exteriors and high quality vinyl clad or metallic windows, allowing them to better blend with the surrounding community and convey an image of quality and durability. This has improved the acceptance of affordable housing by the community and is not considered a constraint.

Constraints for Persons with Disabilities

California Senate Bill 520 (SB 520), passed in October 2001, requires local housing elements to evaluate constraints for persons with disabilities and develop programs which accommodate the housing needs of disabled persons. The City of Milpitas has worked proactively to meet the housing needs of disabled residents, both in the development of new housing and in the retrofitting of existing housing.

The City is in full compliance with the federal Americans with Disabilities Act (ADA) and has been undertaking ADA retrofits of public buildings and facilities for many years. Milpitas also enforces Title 24 of the California Building Code, which is even more rigorous than the ADA in its accessibility requirements. The City provides applicants with a checklist (included in this document as Appendix F) to assist them in developing Title 24/ADA compliant plans before they are submitted. Building Department staff is well versed in accessibility requirements—one of the City's plan checkers is even the author of a book on accessibility.

The City requires ADA-compliant parking, accessible entries, accessible paths of travel through areas being altered, and handicapped-accessible restrooms, drinking fountains and public phones. Exceptions may be made in cases where the requirements would present an unreasonable hardship, or for projects with a construction value of less than \$100,000.

There are no zoning constraints to housing for the disabled in Milpitas. The City allows small group homes in all residential zones, and allow large group residential facilities in the R3 and R4 zones. There are no zoning, design review, or building code provisions that conflict with the goal of providing a barrier-free environment. In some instances, requirements for disabled parking result in a smaller number of spaces being provided than are required by zoning. Provision of the disabled spaces always takes priority in such cases, even if fewer overall spaces are provided.

Recent housing projects in Milpitas have included a larger number of units that were specifically designed to meet the needs of disabled persons. All 68 units in the newly completed Parc West apartment complex are ADA-accessible. The building includes an elevator and design features which make each unit appropriate for disabled households. In the affordable Monte Vista project, 73 of the 306 units have been designed to be ADA-accessible, and in the affordable Terrace Gardens Project, 15 of the 150 units have been designed to be ADA-accessible. At least 11 units in The Crossings are ADA-accessible, and additional units are planned.

The City also provides outreach and assistance to senior with mobility limitations and others who wish to “age in place” by retrofitting their homes with wheelchair ramps, grab bars, and other features. City staff estimates that the number of applications received each year for such improvements is relatively small. Information on permitting procedures and housing resources is provided to disabled applicants and other retrofitting their homes.

The city is also providing CDBG funding to a non-profit organization—Economic and Social Opportunities, Inc. (ESO)—to provide home accessibility and safety modifications for Milpitas households. The City has provided \$225,000 to ESO in the past four years to help out lower income and disadvantaged people in the community become more self-sufficient. The funds are being used for home accessibility and safety modifications, including the installation of wheelchair ramps, special stairs, grab bars, hand-held shower extensions, and other home safety improvements. Recipients of aid from ESO must be low income households.

Design Review and Design Guidelines

The City of Milpitas requires design review for projects within the “S” overlay zoning district only. These districts generally apply in commercial, industrial, and multi-family residential areas, and on the hillsides. Since most single family homes are outside the S district, alterations to individual such homes (such as remodels and additions) are not usually subject to design review. New multi-family projects are typically evaluated through a site plan review process, which includes an evaluation of design attributes by the Planning Commission.

The City has not adopted citywide residential design guidelines, but is in the process of adopting guidelines for the Midtown area through the new Specific Plan. These include illustrative sketches of row houses and town homes, multi-family units, and live-work units. Subsurface parking is anticipated in higher density housing, and the guidelines recommend that garages in such projects should extend no more than 5 feet above grade. While the cost of subsurface garages is high, the allowances for densities of up to 60 units per acre will make such construction realistic.

Other Midtown guidelines address window placement and design, roof design, and building materials. The guidelines do not pose a constraint, but rather are intended to ameliorate concerns that would otherwise arise as very high density projects are proposed. Indeed, one of the major purposes of the guidelines is to ensure that affordable housing projects are indistinguishable from market rate projects.

Fees

Like cities throughout California, Milpitas collects development fees to recover the capital costs of providing community services and the administrative costs associated with processing applications. New housing typically requires payment of school impact fees, park in-lieu fees, sewer and water connection fees, building permit fees, treatment plant fees, and a variety of handling and service charges. These fees comprise a component of housing costs in the City, approaching \$25,000 per unit for a typical single-family detached unit, and \$12,500 per unit for a typical multi-family project. Typical fees collected in the City are outlined below in Tables 20 and 21. Most of the fees are comparable to, and in some cases lower than, those in surrounding jurisdictions.

Table 21: Typical Residential Development Processing Fees in Milpitas

Type of Fee	Amount	Hypothetical amount that would be required for a 2,000 SqFt house, with a construction value of \$210,000 (a)
School Impact Fee	\$1.93 per SF	\$3,860
Park Impact Fee	Determined on a case by case basis, depending on land value and projected population in each development.	\$13,450 (assuming 10 units per acre, 2.69 persons per household, no on-site dedication in project, and land value of \$1,000,000 per acre)
Water Connection	\$700 per acre for multi-family \$350 per lot for single family Plus \$8 per foot of frontage	\$670
Sewer Connection	\$600 per acre for multi-family \$200 per lot for single family Plus \$3 per foot of frontage	\$320
Treatment Plant Fee	\$880 for single family \$690 for multi-family	\$880
Hydrant Fee	\$8.25 per linear foot	\$330
Water Meter	\$76 per meter	\$76
Bldg Permit Fee (for projects between \$100,000 and \$500,000)	\$2,900 for the first \$100,001 plus \$15 for each add'l \$1,000	\$4,550
Plan Check Fee	Under \$50K- 50 % of permit Over \$50K-5 % of permit	\$227
Energy Plan Check	Under \$50K- 50 % of permit Over \$50K-5 % of permit	\$227
Microfilm Fee	\$1 per sheet	\$25
TOTAL		\$24,615

Sources: City of Milpitas, 2002.

Notes: (a) Cost assumes a 40' wide lot in a new subdivision developed at 10 units per acre.

Table 22: Residential Development Fees Per Unit, 2002

	Single-Family (a)	South Bay SFR (e)	Multi-Family (b)	South Bay MFR (e)
Planning Fees (c)	\$375	\$2,326	\$40	\$1,109
Building Permit/Plan Check Fees	\$5,029	\$6,052	\$5,000	\$3,668
Capital Facilities Fees	\$1,210	\$19,393	\$1,210	\$9,330
Service Connection Fees	\$1,066	-	\$894	-
Impact Fees (d)	\$17,310	-	\$5,000	-
Total Per Unit	\$24,990	\$27,771	\$12,144	\$14,107

Sources: City of Milpitas; BAE, 2002; HCD, *Pay to Play*, 1999.

Notes:

(a) Assumes a 2,000 sq. ft. wood frame unit with a 400 sq. ft. attached garage.

(b) Assumes a 100-unit, wood frame project.

(c) Assumes no conditional use permits or zoning variances required.

(d) Includes school impact and park impact fees.

(e) Average fees for jurisdictions in the South Bay region of the Bay Area.

As shown in Tables 21 and 22, compared to other South Bay jurisdictions, planning fees in Milpitas do not pose a significant constraint to housing development and/or rehabilitation. At this time, the City does not collect a storm drainage fee, a road impact fee, or impact fees for other community services. In addition, provisions for subsidizing fees are considered for projects incorporating affordable or special needs housing to minimize the cost burden and ensure the feasibility of such units. The Municipal Code does not specifically provide fee subsidies for affordable housing projects, but it has been the City's policy to provide such subsidies based on the percentage of the project that is affordable.

Permit Processing Time

Permit processing time is not a development constraint in Milpitas. Small to medium sized projects (e.g. less than 50 units) consistent with the General Plan and Zoning Ordinance typically receive final zoning and tentative map approval within three months after a complete application is submitted. Projects requiring an environmental impact report, a General Plan Amendment, or a major rezoning may require longer processing times. The City has developed an expedited approval process for affordable projects, allowing a shorter turn-around time for such projects.

New subdivisions and multi-family construction are subject to environmental review, under the California Environmental Quality Act. One of the advantages of the Midtown Specific Plan Environmental Impact Report (EIR) is that future projects are expected to rely heavily on that document rather than preparing entirely new EIRs to assess broad-based and cumulative impacts (such as geologic hazards and air quality). Additional environmental review may still be required, but only if the project has the potential for impacts not already considered. Once zoning approval is obtained, building permit processing times are relatively short. The City is in compliance with the Permit Streamlining Act and typically issues building permits within three weeks after complete applications are received. Longer turn-around times, ranging from six to nine weeks, could be expected for new single family homes or multi-family buildings. Pre-development conferences and meetings with staff are encouraged before applications are submitted, so that concerns can be addressed early and subsequent delays can be avoided.

Market and Financial Constraints

The cost of land is a significant constraint to the production of affordable housing in Milpitas. Milpitas has an extremely limited amount of vacant residential land still available for development. As such, current land values in existing residential zones are difficult to determine. However, the 2001 Midtown Milpitas Specific Plan calls for the redesignating of approximately 100 acres of land for housing in the Midtown Planning Area. The Plan allows for up to 4,860 new units in Midtown Milpitas at densities ranging from 20 to 60 dwelling units per acre. Given these goals, land costs in the Midtown area are likely to range from \$40 to \$55 per square foot. These values are based on current land costs in neighboring downtown San José, which has comparable densities and a similar land use pattern as described in the Midtown Specific Plan.

Construction Costs

According to *2001 R.S. Means, Square Foot Costs* and discussions with local developers, construction costs for a three- to four-story wood frame multifamily project range from \$110 to \$130 per square foot. The parking structure represents another major variable in the development cost. In general, sub-grade parking raises costs significantly. At-grade below podium parking costs approximately \$12,000 to \$15,000 per space. Soft costs (architectural and other professional fees, land carrying costs, transaction costs, construction period interest, etc.) comprise an additional 10 to 15 percent of the construction and land costs. Owner-occupied multifamily units have higher soft costs overall than renter-occupied units, due partly to the increased need for construction defect liability insurance. Note that these estimates exclude expenses for permanent debt financing, site preparation, off-site infrastructure, impact fees, and developer profit.

Financing

The recent economic downturn and lowered interest rates by the Federal Reserve has led to decreased interest rates for home mortgages and permanent loans for apartment developers. Recent single-family mortgage rates range from 6.75 to 7.40 percent, depending on the terms of the loan. Long-term loans for multifamily developments vary according to the debt-coverage ratio associated with the project, and range from 6.4 percent to 7.0 percent.

Housing Production Costs

Table 23 below displays construction cost estimates prepared by Bay Area Economics (BAE) for a 100 unit development at 36 units to the acre. As shown, estimated multifamily unit construction costs for this type of project range from \$215,981 for a rental project, to \$224,526 for a for-sale project. These development costs impose constraints both on overall housing construction, and on the affordability of new housing units to low and moderate income households (see Table 8).

Table 23: Estimated Development Costs per Unit for Multifamily Housing in Milpitas

ASSUMPTIONS

Project Characteristics

Project Size (units)	100
Site Size (acres)	2.75
Density (units per acre)	36
Unit Size (sqft.)	850
Common Area Percentage	10%
Total Residential Area (sqft.)	93,500

Parking

Parking Ratio (spaces per unit) (a)	2.00
Parking Spaces	200

Development Costs

Land Cost (\$ per sqft.) (b)	\$45
Residential Construction Cost (\$ per sqft.) (c)	\$125
Parking Construction Cost (\$ per space) (d)	\$14,000
Soft Costs - Rental (e)	10%
Soft Costs - For-Sale (e)	15%

COST ESTIMATES

	Rental	For-Sale
Land Costs	\$5,401,688	\$5,401,688
Construction Costs	\$14,487,500	\$14,487,500
Soft Costs	\$1,708,919	\$2,563,378
Total	\$21,598,106	\$22,452,566
Total Per Unit	\$215,981	\$224,526

Notes:

- (a) Parking ratio consistent with Midtown Specific Plan off-street parking requirements for 2-BR units in multiple family dwellings.
(b) Residential land value for Midtown Milpitas based on current residential land values in downtown San José.
(c) Based on RS Means *Square Foot Costs*, 2001 and interviews with local developers.
(d) At-grade below podium parking. BAE estimate.
(e) Percentage of land and residential construction costs.

Sources: RS Means *Square Foot Costs*, 2001; BAE, 2002.

Environmental, Infrastructure & Public Service Constraints

Most housing sites in Milpitas are in developed areas that are fully served by infrastructure. The conversion of older industrial and heavy commercial sites to housing will change the type and extent of services that are required in the City. An evaluation of infrastructure remains an important step toward ensuring the adequacy of the City's housing sites. Such an evaluation was conducted as part of the Midtown Specific Plan and is documented in that Plan's EIR. Relevant findings are noted below, along with observations about infrastructure constraints elsewhere in the City.

Roads

In accordance with the Santa Clara County Valley Transportation Authority (VTA) Congestion Management Plan, the City of Milpitas is required to submit a traffic study for any project that would generate more than 100 peak hour trips. Most multi-family housing projects are subject to this requirement. If the traffic study finds that the project could cause an intersection to deteriorate below the adopted Level of Service Standard (LOS "D"), mitigation is required. This usually consists of improvements to adjacent roads and intersections, but may also include changes to the number of units in the project, or to site design and layout.

The Environmental Impact Report for the Midtown Specific Plan indicates that 14 intersections could operate at unacceptable levels of service (e.g., LOS E or F) when the area is built out. A series of mitigation measures (listed in the Midtown EIR), consisting of turning lane additions, new traffic signals, and the addition of one travel lane in each direction on the Montague Expressway, would restore adequate service levels at six of these 14 intersections. Eight of the intersections are projected to continue to operate at unacceptable levels upon build out of the Midtown Plan. The City has determined that feasible mitigation measures for these intersections are not available and has adopted a Statement of Overriding Considerations accepting the lower service levels.

A schedule of road improvements has been developed for the Midtown Plan area. The City is presently developing a financing plan for these improvements, and is applying for funding through all applicable state and federal programs. State Transportation Improvement Program (STIP) funds and TEA-21 funds are being pursued for improvements to the federal Aid Highways with the area, including Calaveras Boulevard and the Montague Expressway. Probably the most significant improvement is the construction of a grade separated interchange at Montague Expressway and Capitol Avenue. Engineering for this project, which would be funded primarily by the state and federal governments, is scheduled to begin in 2003-2004.

A share of local traffic improvement costs is likely to be assigned to property owners within the Midtown area. The City expects to have a road impact fee in place by 2003. Although the amount has yet to be determined, preliminary studies suggest that it may be between \$500 and \$700 per dwelling unit. Fee subsidies could be considered for

affordable housing units, with redevelopment funds used to supplant the amount that would otherwise be collected from project sponsors.

The completion of the light rail system and proposed BART extension should also help manage future congestion, as will the improvement of bicycle and pedestrian facilities.

Water

Adequate water supply will always be a development factor in California, given the State's climate and growth rate, and the environmental issues associated with developing new sources. The City of Milpitas has implemented conservation measures to manage its water use more effectively. The City is in the process of revising its Water Master Plan to provide updates of projected water demand. Based on current information, water supply does not appear to be a constraint to development of the City's fair share housing allocation.

The City operates a municipal potable water distribution system, with water supply purchased from two wholesale sources. Most of the residential areas receive water purchased from the San Francisco Public Utilities Commission (SFPUC). Most of the industrial and commercial areas are served with water purchased from the Santa Clara Valley Water District (SCVWD). Although water quality from either supplier meets all regulatory standards for quality, the SFPUC water is generally perceived as superior because it generally has less total dissolved solids. The City has a policy of reserving SFPUC water for residential customers. This policy may be reviewed during the next few years, due to SFPUC supply constraints and as an increasing share of housing development takes place in commercial and industrial areas currently served with SCVWD water.

A shift to SCVWD water in new housing areas should not be viewed as a development constraint. The City's agreement with SCVWD allows for reasonable increases to meet projected growth, and the SCVWD supply is projected to be sufficient through 2021 under current contract provisions and preliminary Water Master Plan Update data. The water delivery system is also adequate to meet projected demand. Much of the infrastructure in the Midtown area is already in place, although the shift from low-intensity commercial and industrial uses to high-density housing may require changes to some of the water mains in the area. The City has programmed capital improvements through 2005 to upgrade delivery lines to meet projected increased fire flow demand, eliminate dead-end mains, and improve water quality. The Updated Water Master Plan may identify additional improvements.

The City's practice is that developers install water mains to serve new developments. In the Midtown area, however, water mains are already in place along many of the frontages of the housing sites. The need for water line extensions is expected to be minimal.

Wastewater and Reclaimed Water

Wastewater from Milpitas is directed to the San Jose/Santa Clara Water Pollution Control

Plant (WPCP) for treatment. Through a Master, the City has been allocated a treatment capacity of 12.5 million gallons per day (mgd) average dry weather peak week flow. The amount discharged during Summer 2000 was 9.24 mgd. Projects that are committed or now under construction are expected to raise this total to 10.23 mgd, which is 82 percent of the allotted capacity.

Accommodating the City's fair share housing assignment, coupled with future commercial and industrial development by the year 2021, could require up to 12.9 mgd, which exceeds the 12.5 mgd allocation. To address regional treatment plant discharge limits, the City and the WPCP have developed programs to manage wastewater flows. The recycled water program has been developed to provide a disposal alternative while allowing new hook-ups to continue. In addition, wastewater flow reduction measures have been implemented. These include low flow toilet installation, audits for industrial processes, and other water conservation measures. Longer-term options include the purchase of additional capacity from other agencies who have surplus allocations at the regional plant as described in the Master Agreement and funding or partially funding an expansion of the treatment plant. The City is in the process of updating its Sewer Master Plan, which will provide more accurate projections of future flows and new solutions to any long-term capacity constraints.

The Midtown Specific Plan EIR found that, with some improvements, the City's wastewater collection system is adequate to meet future service demands (with Midtown "build out") and is not considered a development constraint. Most of the collection and sewage main lines flow to a lift station on the west side of the City, where wastewater is then pumped to the Water Pollution Control Plant for treatment. Several improvements to the collection system are now under construction to upgrade capacity. These improvements are consistent with the policies and implementation measures identified in the Midtown Specific Plan.

As noted above, a growing portion of the wastewater treated at the plant is being redirected to a recycled water system. This system provides water for landscape irrigation at parks, schools, and private development in parts of Milpitas. The City requires developers to install recycled water infrastructure if their sites are in reasonable proximity to existing or planned recycled water distribution lines. Most of the housing sites in the Midtown area would be subject to this requirement. While this represents an additional expense for developers, it may ultimately reduce costs for consumers (by lowering water bills). In addition, water reuse, coupled with conservation efforts, will help to meet discharge volume limits at the WPCP and avoid potential construction moratoriums. The water and conservation requirements are not considered development constraints.

Storm Drainage

Storm drainage studies for new development projects are performed on a case-by-case basis, with mitigation measures determined for each project. These measures may include on-site improvements—such as raising development sites with fill or adding storm water retention ponds—and/or off-site improvements—such as the widening of channels or

culverts downstream. The improvements are typically financed by the developer as a condition of approval.

Most of the large residential projects built during the last few years, including affordable projects, have been subject to storm drainage improvement requirements. The requirements have not been a constraint to development as evidenced by the development of the Crossings and Monte Vista housing projects in the flood plain. In fact, as a result of ongoing improvements, the area subject to 100-year flooding in the City has been decreasing. Recent hydrologic studies indicated that more than 700 properties in Milpitas have been removed from the flood plain boundary as a result of channel improvements, and the City recently became the first municipality in California to achieve a Class 5 flood insurance rating (reducing flood insurance costs by 25 percent).

Additional efforts to mitigate flood hazards are currently underway along Berryessa Creek. Improvements to the upper portions of Berryessa Creek will be completed by 2004, and the improvements to the lower portions will be completed by 2006. These projects were funded by a voter-approved ballot measure and are being undertaken by the Santa Clara Valley Water District. Once completed, the special Flood Hazard designation will be removed from a number of the City's potential housing sites. It is important to note however, that the current Special Flood Hazard designation does not preclude development. Rather, it requires that one to three feet of fill be imported to the site prior to construction.

The City of Milpitas' most recent storm water discharge permit stipulates that post-development runoff rates may not exceed pre-development rates on projects developed after July 1, 2003. This could have implications for the cost and design of future housing developments, since it suggests that a portion of new development sites may need to be reserved for storm water detention. This measure also could reduce the number of units that could be built on some of the City's high density sites. For instance, the 15.5 acre site being developed with The Crossings included a 0.68 acre area for storm water detention (representing four percent of the site area). A program in this Housing Element recommends that density be calculated based on gross site areas, to avoid a reduction in the number of potential units in the event a detention pond is required.

New water quality standards may also have implications for stormwater detention. However, it is unlikely that these standards will result in detention pond requirements for most of the new housing sites. The City is pursuing an agreement with the Regional Water Quality Control Board to exempt the transit-oriented Midtown development sites from this requirement, arguing that the environmental benefits of high density transit-oriented housing outweigh the small impact these projects would have on stormwater quality.

In addition, the City may explore the feasibility of an area wide storm water detention pond in the Midtown area. To the extent feasible, sites designated for open space or recreational uses would be considered for such a facility before housing sites would be considered. In the event a central stormwater pond is developed, it is possible that a new impact fee could

be created for its construction, representing an additional development cost. Again, fee subsidies for affordable units could be considered.

One mitigating factor is that many of the future development sites in the Midtown area are already covered by impervious surfaces, reflecting their past use as truck terminals or auto-related businesses. Their redevelopment with housing could actually *reduce* the amount of impervious surface and also reduce the flow of oil, grease, and other industrial pollutants to local waterways. On other sites, the use of porous pavement and walkways and other site planning and building measures may be effective in reducing runoff rates and reducing the need for storm water detention.

Solid Waste

Landfill capacity is not expected to constraint housing production in Milpitas during the next five years. The City is currently diverting more than 50 percent of its waste from landfills as a result of source reduction and recycling programs. The diversion rate has been increasing during the last few years, and is expected to continue increasing as new recycling programs are implemented.

One of the major targets for reducing the waste stream is to promote recycling in multi-family housing complexes. This will require that adequate space for receptacles be set aside within new housing developments. While it is possible that space and design requirements for recycling collection areas could reduce the number of units in a project, such effects are unlikely to affect housing costs or affordability.

Environmental Constraints

Housing production in Milpitas is constrained by steep hillsides on the east, wetlands on the west, and City boundaries on the north and south. Because of these physical limitations, future housing development will largely occur through infill and redevelopment. Although development on the hillsides is theoretically possible, the area has serious seismic and landslide constraints. Hillside homes would be expensive to construct and could have significant environmental impacts. Residents would be subject to ongoing geologic and wildfire risks. As mentioned earlier, the high cost of extending City services to this area also represents a development constraint.

The entire City is located in a seismically active area. However, only one of the housing sites identified in this Element is located in an Alquist-Priolo Special Studies Zone, and it represents less than one half of one percent of the City's housing capacity. Seismic studies would be required prior to the approval of any housing on this site, which is located on Park Victoria Drive at Creed Street. Elsewhere in the City, as on sites throughout the Bay Area, housing must meet building code standards which reflect the area's earthquake-related ground shaking and liquefaction hazards.

As mentioned earlier in this section, flooding is another environmental constraint that could affect housing production. Some of the large housing sites in the Midtown area are partially contained within the 100-year flood plain. Although flood depths would be very

shallow, a combination of on-site and off-site improvements may still be required before their development can occur. Raising the base elevation through landfill (to ensure that new construction is at least one foot above the flood plain) could be a significant expense for a prospective developer. However, such requirements have not impeded the construction of affordable housing in the City in the past. For instance, the new Crossing at Montague apartments—with 94 very low income units—was constructed by elevating a site within the flood plain.

The water table lies relatively close to the surface on many of the housing sites identified by the Midtown Specific Plan area. This could increase the cost of building sub-surface parking structures, which are likely to be necessary in higher density projects. Likewise, the expansive soils found in much of the City may require special construction techniques for foundations. Although such constraints could ultimately impact the cost of new housing, they are relatively common in the Bay Area. Natural hazards are a fact of life in Coastal California, and there are few steps the City can take to reduce their impact on housing costs without endangering public safety.

Public Opinion

Other constraints to housing production in the City include public opinion, specifically community opposition to higher densities. As the City's character becomes more urban, pressure to downzone land or to limit heights and densities could arise. This would be particularly true if new housing were perceived to produce negative fiscal impacts or contribute to school capacity problems, traffic congestion, or other quality of life factors. In the past, growth issues in Milpitas have galvanized public support for hillside development policies and an urban growth boundary.

Throughout the public process for the Midtown Specific Plan, new and higher density forms of residential development have generally received support and acceptance. As new types of housing development are introduced in Milpitas, the potential for community opposition means that good design and planning are essential in higher density projects. The Draft Midtown Plan's Design Guidelines are an important first step toward this end.

Summary

Milpitas has worked systematically to address constraints to housing production as reflected in the City's land use and development policies, infrastructure planning and funding of affordable housing projects. Following is a summary of the major governmental and non-governmental constraints to housing in the City.

- The General Plan supports the development of additional housing and is not a development constraint.
- The Draft Midtown Specific Plan will remove zoning constraints to housing in the Midtown area, and will encourage high-quality residential design.
- Site improvement, building code requirements, and permit processing time in Milpitas are comparable to surrounding communities and are not a development constraint.
- Development fees in Milpitas are comparable to those in neighboring communities.
- Recent park fee ordinance changes support affordable housing developments.
- The high cost of land in northern Santa Clara County remains a significant constraint to the production of affordable housing. Construction costs inflated rapidly during the late 1990s.
- The principal infrastructure constraint is road capacity, particularly in the Midtown Specific Plan Area. A series of traffic improvements have been identified to maintain acceptable levels of service, and funding sources are being explored.

Housing Resources

Available Sites for Housing

The purpose of the adequate sites analysis is to demonstrate that the City of Milpitas has a sufficient amount of land to accommodate its fair share of the region's housing needs during the planning period (January 1, 1999 – June 30, 2006). The State Government Code requires that the Housing Element include an “inventory of land suitable for residential development, including vacant sites and sites having the potential for redevelopment” (Section 65583(a)(3)). It further requires that the Element analyze zoning and infrastructure on these sites, to ensure that their development with housing is feasible during the planning period.

Demonstrating an adequate land supply, however, is only part of the task. The City must also show that this supply is capable of supporting housing demand from all economic segments of the community. High land costs in the Bay Area make it difficult to meet the demand for affordable housing on sites that are designated for low densities. The State has generally held that the most appropriate way to demonstrate adequate capacity for low and very low income units is to provide land zoned for multiple-family housing.

For the purposes of this analysis, housing sites in Milpitas have been grouped into several categories. Each of these categories is described below, with accompanying maps and tables used to quantify development potential. Because more than a third of the 7.5-year planning period has already passed, the analysis also accounts for housing that has been constructed since January 1, 1999.

An analysis of housing sites in Milpitas indicates the potential for more than 5,500 units of new housing in the City as of October 2001. About 95 percent of this potential is on sites where housing densities would exceed 20 units per acre, providing favorable prospects for affordable units. About 80 percent of the City's development potential is on sites that are already planned and zoned for high density housing—the remainder is on “mixed use” sites or commercial sites which could potentially be rezoned for residential uses.

More than 87 percent of the City's residential development potential is located in the area covered by the Midtown Specific Plan, adopted on March 19, 2002. This 1,000-acre area is in the midst of a transition from older industrial and heavy commercial uses to a mixed use community developed at urban densities. Some 1,200 units of housing have been completed in the Midtown area during the past few years. Additional units are now in the pipeline. Minimum density requirements will ensure that the land is efficiently used, while development agreements and incentive programs will ensure that a significant portion of the housing added is affordable.

The available site inventory conducted for the Housing Element focused on sites with the potential for 10 or more units. There may be additional sites in Milpitas with housing potential, including individual vacant lots and developed sites with the potential to be

further subdivided.

Unless otherwise indicated, housing was presumed to develop at the midpoint of the allowable density range. This is a conservative assumption, as most of the initial development proposals for these sites have been closer to the high end of the density range, or even above the top of the range. Housing from 50 to 80 units per acre has been proposed on at least two of the Midtown sites.

The City's most recent multi-family projects—the Crossings and the Parc Metro apartments—were developed above the maximum density permitted by right in the R3 zoning district. The projects were developed at 30 units per acre and 35 units per acre respectively. Both of these projects were initiated before the Midtown Plan was adopted, when the maximum density allowed by right was 29 units per acre. The other recent affordable housing project—Monte Vista—was developed at 20 units per acre, the top of the R3 density range.

The City has adopted minimum density provision for the Midtown area which ensure that at least 41 units per acre will be developed on the Transit-Oriented Development sites and at least 31 units per acre will be developed on the other Very High Density Residential sites. The 41 units per acre minimum density is among the highest in the Bay Area, and is even higher than the minimum that has been set by San Jose, the region's major urban center. Even in a "worse case scenario" in which all development occurred at the low end of the density range and all of the mixed use sites were developed with none residential uses—there would still be capacity for over 3,750 units, which is more than sufficient to accommodate the City's fair share allocation.

Vacant Sites Designated for Housing

This category includes vacant sites that have General Plan or Specific Plan designations which allow housing. Appendix D identifies nine sites meeting this criteria, with the capacity for 966 housing units. Eight of the nine sites are in the Midtown Specific Plan area.

Two of the Midtown sites are designated for "Very High Density Housing," with a combined potential for about 750 units. The sites are located adjacent to the Great Mall Light Rail Station and their development with housing is expected during the next five years. The sites have no infrastructure or hazardous materials constraints and are currently being marketed for development. A significant affordable housing component will be required, as both of these sites are within Redevelopment Project Area 1. Pre-development conferences on one of the sites suggest that densities will be in the range of 48 to 56 units per acre.

The other six Midtown sites, with a combined potential of almost 200 units, have been designated for "Mixed Use" development. The Mixed Use designation strongly supports housing production, but also allows commercial and office projects, as well as projects which combine residential and non-residential uses. Most of these sites are located near

the historic center of Milpitas, and are well served by infrastructure, roads, and other services. Their development during the next five years is likely, with a significant affordable housing component included.

Although the six mixed use sites are small (ranging from 0.4 to 2.4 acres), they provide excellent opportunities for infill housing. The City has approved a number of small multi-family or mixed use projects during recent years. Economic considerations generally make these sites less viable for lower income housing than the larger sites. However, the mixed use sites provide excellent opportunities for market rate rental units and small condominiums, which are generally considered affordable to moderate income households.

Recent infill projects in the City have included an office/housing development on a 6,750 square foot lot (280 Main Street), a 16-units condominium on a one-acre site (Mission Glen), and a 48-unit condo on a 2.5 acre site (Fountain Square). It is possible that future small lot projects will include affordable units, particularly if the City's Redevelopment Project Area is extended to include the Old Town districts. Such an extension is now being considered by the City and is identified as a program in this housing Element.

The only vacant housing site located outside the Midtown area is a 5-acre infill site located in northeast Milpitas. The site would require annexation to the City prior to development, and would most likely be developed with single family detached homes.

Underutilized Sites Designated for Housing

Most of Milpitas' housing potential is on "underutilized" sites within the Midtown Specific Plan area.¹ The extension of the Tasman Light Rail line has triggered large-scale redevelopment of the area and has prompted the redesignation of over 100 acres of land from industrial to very high density residential uses. Appendix D identifies eight sites in the Midtown Area, each designated for very high density housing. The sites have a cumulative potential for over 3,600 units.²

Three of the housing sites, totaling almost 40 acres, are located in what is known as the Capitol Avenue/Montague Expressway area, adjacent to the Montague/Capitol Light Rail station and a planned BART Station. Each is currently in use with trucking, auto dismantling, storage, or other auto-related uses, but is designated for "Very High Residential-Transit Oriented Development." The sites have a capacity of nearly 2,000

¹ For the purposes of this Housing Element, an "underutilized" site is defined as any residentially-zoned (or mixed use-zoned) site that is developed but has minimal structural improvements or contains a vacant or partially vacant building. Land values on such sites typically exceed the value of site improvements. Underutilized sites also include residentially zoned properties that are developed at densities that are less than half of the density permitted by zoning.

² Again, this presumes development at the midpoint of the allowable density range. Development at the high end of this range would result in over 4,300 units. The City's minimum density standards will assure that at least 3,000 units are developed.

housing units.

Another three of the sites are located near the Great Mall Light Rail station. The sites are currently developed with marginal commercial uses, including the Ooh La Lodge Motel, two trucking yards, a restaurant, and a storage yard. Redevelopment of these three sites with 420 units is possible.

The other two sites are located just north of the Park Metropolitan residential development and include a 7.4 acre parcel developed with storage warehouses, and a 42-acre parcel owned by the Union Pacific (UP) Railroad. The sites have a combined capacity of over 1,250 units. The UP site includes rail yards and a large paved surface currently in use for the storage of new automobiles; housing potential has been assumed on only a portion of this site. Both sites are designated for very high density housing by the Midtown Specific Plan. Discussions with both property owners are underway to facilitate the transition of these sites to housing.

Local developers in Milpitas have a strong track record of redeveloping underutilized commercial and industrial sites with housing. Some of the recent success stories have included:

- Redevelopment of a former 15-acre concrete dispatching site with 468 units of multi-family housing, including affordable units (The Crossing).
- Redevelopment of a former 11-acre K-Mart store with 118-units of courtyard-style housing (Image Reflections).
- Redevelopment of a 2.5 acre motel with 20 units of single family housing (Stone Gate).
- Redevelopment of the 2.5 acre Dolan Lumber Company with 48 condominiums (Fountain Square).

Even the City's largest and best known landmarks—the Great Mall of the Bay Area—was created by converting a former Ford Motor Plant into a retail mall. Milpitas has a tradition of adapting its land use pattern to meet the changing needs of its residents and businesses.

Some of the housing opportunity sites identified in the Midtown Area consist of multiple parcels with different owners. Local developers also have an excellent track record of sites assembly, combining separately owned parcels to create larger and more viable development sites. For instance, the developers of The Crossings successfully assembled multiple industrial parcels into the 15 acre site that was redeveloped with apartments. The City itself has facilitated site assembly within its Redevelopment Areas.

Two of the eight underutilized sites have potential infrastructure constraints. One of the trucking sites near the Montague/Capitol light rail station would require a sewerline improvement prior to development, and the former UP railroad site would require a second access road, possibly including a new at-grade railroad crossing. In addition, two of the sites may require a minimal amount of hazardous material remediation prior to development. The City will be directing resources to remove these constraints in the

future, for example through its capital improvements program, redevelopment budget, and new interlocal agreements.

Additionally, several of the Midtown sites are located in a shallow flood plain that encompasses much of the City of Milpitas. Development in these areas usually requires that one to three feet of fill be placed on the site prior to construction, to raise the base elevation about the 100-year flood level. This is a common condition in the City and has not been a development constraint in the past. In fact, fill has been imported on several of the City's recent affordable housing developments, including The Crossings Apartments.

The Midtown Specific Plan Identified the specific improvements needed to address potential water, sewer, and drainage constraints with the plan area. These improvements are listed in the Plan's "Utilities and Public Services Chapter." The City is currently updating its Water and Master Plans to refine the list of improvements, develop more detailed cost estimates, and establish a funding program. In addition, the City's storm Drainage Master Plan includes 10 storm drainage projects in the Midtown Area, most consisting of new storm drains and culverts. These improvements are further discussed in the "Constraints" section of the Housing Element.

Underutilized Sites Designated for Mixed Use

Appendix D identifies six underutilized sites designated for mixed use development. The sites have a cumulative capacity of 195 units, assuming each is developed with housing at the mid-point of the allowable density range.

About three-quarters of this potential is associated with the area around Serra Way at South Main Street. This is the historical center of Milpitas and contains a number of vacant buildings, retail shops, and vacant sites. The Midtown Specific Plan envisions this area as a pedestrian-oriented mixed use district, with housing above commercial uses. Land assembly would be required for large-scale residential projects.

Other Underutilized Sites

Appendix D identifies five other sites in Milpitas with the potential for housing. Four of these sites are developed with older shopping centers, and the fifth contains housing at a density substantially below what is permitted by the General Plan. The five sites have a combined capacity of 607 units.

Most of the development potential is associated with two community-scale shopping centers adjacent to Milpitas City Hall. The shopping centers, which together total over 30 acres, are designated in the Milpitas General Plan as the City's "Town Center." This designation permits housing at densities of up to 40 units per acre. Although there are no active proposals to redevelop the shopping center properties, mixed residential/commercial projects would be consistent with the General Plan and may be considered in the future.

The other two shopping center sites include the Fiesta Plaza on Dempsey Road and a strip of marginal commercial uses along Dixon Landing Road. These sites are currently

planned and zoned for commercial uses, but are not being used as effectively as they might be. In both cases, a General Plan Amendment and rezoning would be required to allow redevelopment with housing. The sites have few development constraints and could be redeveloped before 2006.

The final underutilized site in the inventory is an 8-acre area comprised of 26 parcels on Selwyn Drive. Most of the parcels are developed with fourplex housing, some in poor condition. Existing density is about 12 units per acre, which is less than the 20 units per acre allowed by the General Plan. Redevelopment of this site with about 160 units is possible, representing a net gain of about 60 units. However, the potential for redevelopment is considered low at this time, as relocation of existing tenants and parcel assembly would be required.

Hillside Residential Areas

As detailed in the Constraints section of this Housing Element, a slope-density formula dictates the minimum lot sizes in the hillside residential areas of Milpitas. The formula sets a 10-acre minimum lot size for parcels with an average slope of 10 percent or less, and an 80-acre minimum for parcels with a slope of 50 percent or more. Parcels with slopes between 10 and 50 percent are subject to minimums ranging from 10 to 80 acres, determined by a numerical equation. Development capacity in the hillside area is estimated at about 50 units.

The very high expense of developing hillside sites makes construction of affordable housing in this area unlikely. Most of the new hillside construction is expected to consist of single family custom homes on relatively large lots. Such “estate style” housing is an important part of the City’s housing stock and will help ensure that the City maintains a diverse range of housing choices in the future.

Adjustment for Units Already Constructed

As discussed previously, the City’s RHND allocation covers a period extending from January 1, 1999 through June 30, 2006. Table 12 above indicates units already completed, approved or under construction between January 1, 1999 and December 31, 2001. The units have been disaggregated by income group to determine the portion of the regional housing needs determination that has already been satisfied and the portion that remains.

As displayed in Table 12, 918 units have already been approved towards the City’s overall housing need. This total includes 728 above moderate-income units, 51 moderate-income units, 45 low-income units, and 94 very-low income units. The remaining balance of units needed during the 1999-2006 planning period is 3,430.

Adequacy of Available Sites for Affordable Housing Production

Based on the preceding analysis, the City of Milpitas needs adequate sites for the production of at least 910 units that are affordable to low and very low income households.

The existing land supply can accommodate more than five times this number of units. The City currently has capacity for some 5,300 units of high or very high density multi-family housing. Assuming the City continues its policy of negotiating a 20 percent affordable “set-aside” within new housing developments, approximately 1,060 of these units will be available to low and very low income households. It is probable that the percentage of affordable units will actually be higher, since some of the projects may be sponsored by non-profit developers or targeted toward special needs populations, and thus may be 100 percent affordable.

All of the 28 housing sites listed in Appendix D of the housing Element could be developed by 2006. However, some are more likely to be developed than others, based on their location, current use, and availability for sale. Appendix D estimates the probability of each site’s development before the horizon of this Housing Element. Sites considered to have a “very high” probability of development include those now being offered for sale as high density housing sites and those with active development proposals. These sites alone comprise over 2,300 units—a quantity sufficient to satisfy the City’s entire low, very low, and moderate income allocation.

Sites rated as having a “high” probability include those that are relatively unconstrained but have no active development proposals. Some of these sites may not be for sale at this time, but all are either vacant or underutilized. Almost all of the sites are already zoned to allow very high density housing. There are nearly 1,600 potential housing units associated with these sites. The “Programs” section of this Housing Element includes measures the City will pursue to expedite the development of these sites.

Sites rated as having a “medium” probability of developing by 2006 include those with one or more site planning constraints. Some currently have active uses, one would require a sewer improvement, and some would require site assembly. Nonetheless, all of these sites are considered underutilized and are excellent candidates for development. All are zoned to permit high density or very high density housing. These sites include over 1,300 potential units.

Only two Sites are rated as having a “low” probability of developing by 2006—both of these sites are in active use. The sites have the potential for about 200 new units.

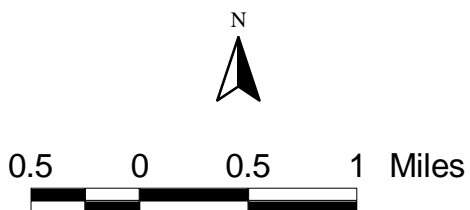
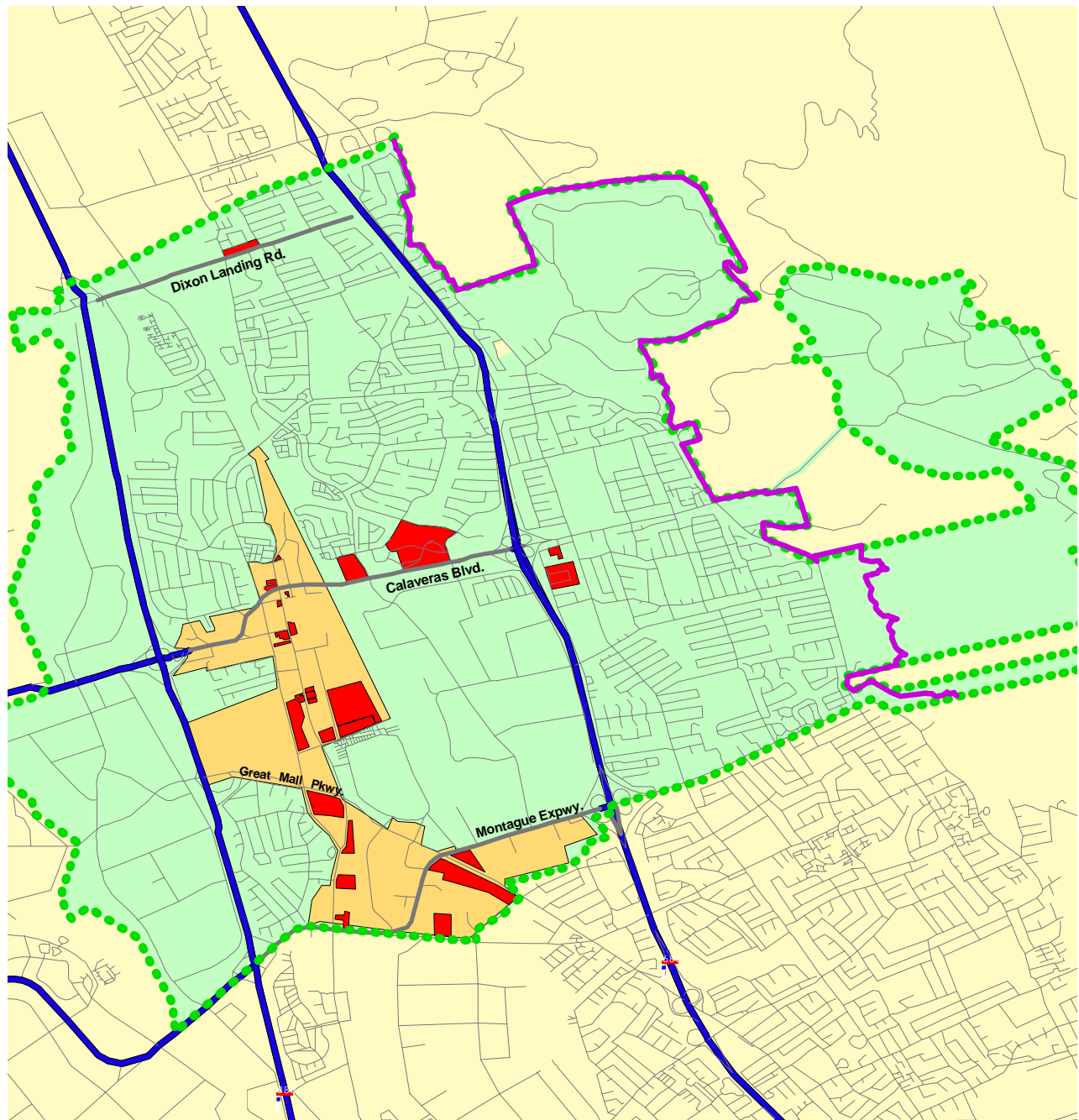
Feasibility of Accommodating the Regional Housing Needs Allocation on the Designated Sites

While housing appropriate for low and moderate households can be accommodated on all of the sites listed above, the best candidates are the large R4 sites in the Midtown Specific Plan area. Sites 2, 3, 10, 11, 12, 13, 14, 15, 16, and 17 (see Appendix D)—all zoned R4—have the potential for 4,383 units. This is more than double the City’s low and moderate income assignment. Residential development proposals are in varying stages of planning on several of these sites, and are expected to yield more than 2,000 new housing units in the next few years alone.

Affordable housing can also be accommodated in the City's Mixed Use Zone, in the R3 zone, and in the TC (Town Center) zone. The Mixed Use zone allows densities of up to 30 units per acre, which can easily accommodate affordable multi-family projects. Although the R3 zone (corresponding to the General Plan's acre within a planned unit development. It is worth noting, however, that all of the City's R3 land is already developed. Densities of up to 40 units per acre are conditionally permitted in the TC (Town Center) zoning district, making affordable units feasible in this District as well.

Despite the economic slowdown in the Silicon Valley, the demand for residential land is still very strong in Milpitas and there has been a sustained high level of interest in the Midtown housing sites. Vacancy rates—although substantially higher in 2002 than they were in 2000 and early 2001—remain low. The demand for affordable units, and for market-rate units targeted to moderate income households, is very strong.

Figure 4: Milpitas Potential Housing Sites



-  Freeway
-  Highway
-  Arterial Road.

-  Milpitas City Area
-  Milpitas City Limits
-  Urban Growth Boundry
-  Midtown Specific Plan Area
-  Potential Housing Sites

Sources: U.S. Census, 2000; BAE, 2002

Financial Resources

The City of Milpitas has access to a variety of existing and potential funding sources available for affordable housing activities. These include programs from federal, state, local and private resources.

Community Development Block Grant Program Funds

Through the CDBG program, the federal Department of Housing and Urban Development (HUD) provides funds to local governments for funding a wide range of housing and community development activities for low-income persons.

Based on previous allocations, Milpitas expects to receive an annual allocation of approximately \$3.5 million in CDBG funds during the 2001-2006 period. In accordance with the policies established by the City Council, Milpitas is committed to increasing and maintaining affordable housing in the City. CDBG funds are used for site acquisition, rehabilitation, first-time homebuyer assistance, development of emergency and transitional shelters and fair housing/housing counseling activities. Additional activities in support of the new construction of affordable housing include site clearance and the financing of related infrastructure and public facility improvements.

Redevelopment Set-Aside Funds

In accordance with State law, the Milpitas Redevelopment Agency sets aside 20% of all tax increment revenue generated from its redevelopment project areas to fund projects that increase, improve or preserve the supply of affordable housing. Housing developed with these set-aside funds must remain affordable to low- and moderate-income households for at least 15 years for rentals and 10 years for ownership housing. Between 1999 and 2004, the Agency expects to receive approximately \$25 million in set-aside funds. Of this total, approximately \$7.7 million is available to the City to support future housing projects over the Housing Element planning period.

Table 24: Redevelopment Agency Housing Set Aside Funds, 1999-2004	
20% Set-Aside 1999-2004	\$25,081,623
Advance Credit	(\$8,700,000)
Debt Service	(\$3,680,000)
Program Management	(\$500,000)
County Moderate-Income Housing Program	(\$500,000)
Crossings - park fees	(\$2,048,998)
Crossings - development fees	(\$500,000)
Crossings - loan	(\$1,193,580)
Parc Metro - development fees	(\$293,000)
Balance	\$7,666,045
Sources: Milpitas Redevelopment Agency Five-Year Implementation Plan, 2000-2004; BAE, 2002.	

Bond Financing

Under the Mortgage Revenue Bond (MRB) Program, Milpitas provides Mortgage financing for affordable housing projects through the sale of tax-exempt bonds. In particular, the Multi-family Residential Rental Housing Revenue Bond Program assists developers of multi-family rental in increasing the supply of affordable rental units available to qualified households. The proceeds from bond sales are used for new construction, acquisition, and/or rehabilitation of multi-family housing developments. A specified number of units are required to remain affordable to eligible, lower-income households for a specified number of years after the initial financing is provided.

Low Income Housing Tax Credits (LIHTC)

Created by the 1986 Tax Reform Act, the LIHTC program has been used in combination with City and other resources to encourage the construction and rehabilitation of rental housing for lower-income households. The program allows investors an annual tax credit over a ten-year period, provided that the housing meets the following minimum low-income occupancy requirements: 20% of the units must be affordable to households at 50% of area median income (AMI) or 40% of the units must be affordable to those at 60% of AMI. The total credit over the ten-year period has a present value equal to 70% of the qualified construction and rehabilitation expenditure. The tax credit is typically sold to large investors at a syndication value.

Mortgage Credit Certificate (MCC) Program

The Mortgage Credit Certificate (MCC) Program was created by the federal government, but the program is locally administered by the County of Santa Clara to assist first-time homebuyers in qualifying for a mortgage. The IRS allows eligible homebuyers with an MCC to take 20% of their annual mortgage interest as a dollar-for-dollar tax credit against their federal personal income tax. This enables first-time homebuyers to qualify for a larger mortgage than otherwise possible, and thus can bring home ownership within reach. In 1987, the County of Santa Clara established an MCC Program that has assisted over 200 low and moderate-income first time homebuyers in Milpitas to qualify for a mortgage. Over the past three years, the MCC Program has assisted seven Milpitas low- and moderate-income residents.

Section 8 Assistance

The Section 8 program is a federal program that provides rental assistance to very-low income persons in need of affordable housing. This program offers a voucher that pays the difference between the current fair market rent and what a tenant can afford to pay (e.g. 30% of their income). The voucher allows a tenant to choose housing that may cost above the payment standard but the tenant must pay the extra cost.

Housing Opportunity Zone

Milpitas successfully competed to have the area comprising the MidTown Specific Plan designated as a “Housing Opportunity Zone” by an Inter-Regional Partnership of Governments including Alameda, Contra Costa, San Joaquin, Santa Clara and Stanislaus

counties. This designation will allow the City to gain access to programs and funding sources supported by State and Regional Agencies in support of housing development in the City's core area.

Opportunities for Energy Conservation

With respect to residential construction, opportunities primarily take the form of construction of new homes using energy efficient designs, materials, fixtures, and appliances, or retro-fitting existing homes to be more energy efficient (e.g., weather stripping, upgrading insulation, upgrading to more energy efficient fixtures and appliances). At a minimum, new housing construction in Milpitas must comply with the State of California Title 24 energy efficiency standards. These requirements are enforced through the building plan check process.

In addition to the design and construction of individual buildings, the development industry is becoming increasingly aware of opportunities for energy conservation at the site planning level and even at the community planning level. New developments are increasingly being planned so that building orientations will take advantage of passive solar energy benefits. Larger scale land use planning is increasingly considering benefits of compact urban form (i.e., higher densities) as a means to reduce auto dependency for transportation, and the benefits of mixed-use land use patterns to make neighborhoods more self-contained so that residents can walk or bicycle to places of work, shopping, or other services. Compact urban development patterns also are necessary to improve the effectiveness of buses and other forms of public transit. If effective public transit is available and convenient, energy will be conserved through reduced auto use. In the future, the City will consider incorporating these and/or other sustainable development principles into new developments that are planned within Milpitas.

Summary

Consistent with the City's long-term commitment to supporting high-quality residential development, Milpitas continues to make resources available for housing production. These include primarily sites for housing development, and a variety funding sources, as summarized below:

- Milpitas has an adequate number of sites to accommodate its share of the regional housing need between 1999 and 2006. There is sufficient land to support the production of more than 5,500 new housing units.
- Approximately 95 percent of the City's development capacity consists of higher density housing sites (densities exceeding 20 units per acre), with 87 percent of the development capacity located within developed areas.
- Most of the City's housing capacity is located in the Midtown Specific Plan area.

- Some land capacity exists in the hillside residential area for up to 50 new “estate” homes.
- Milpitas has a variety of financial resources to support affordable housing production, including most importantly CDBG funds and Redevelopment Housing Set Aside funds.
- The City encourages the inclusion of affordable units in new residential developments consistent with past practice and policies set forth in the Draft Midtown Specific Plan.

Housing Plan

Based on the needs, constraints and resources identified above, the following section of the Housing Element sets forth Milpitas's housing plan for the 2001-2006 planning period. The City has established this plan in consideration of its own local needs and priorities, as well as its obligations under State Housing Element law.

The Housing Plan is structured as a series of guiding principles and related implementing policies. Accompanying each implementing policy, there are one or more programs that the City will implement over the 2001-2006 planning period. These programs are summarized in a Five-Year Action Plan which presents the programs together with implementing agencies, funding sources and time-frames for implementation. Finally, the Housing Plan sets forth quantified objectives for housing construction, rehabilitation and conservation for the Housing Element planning period.

A. Housing & Neighborhood Conservation

Guiding Principles

A-G-1: Maintain High Quality Residential Environments

The maintenance and improvement of the quality of life and historic integrity of existing neighborhoods is a high priority for the City of Milpitas.

A-G-2: Preserve Housing Resources

Milpitas will strive to maintain and preserve existing housing resources, including both affordable and market-rate units.

Implementing Policies

- **A-I-1:** Milpitas will continue to enforce housing codes and regulations to correct code violations in the most expeditious manner to protect the integrity of housing while minimizing the displacement of residents. The City will work to have all dwelling units that cannot be rehabilitated demolished, so that hazards will be eliminated and land will become available for new housing.

Code Enforcement Program: The City will aggressively enforce its existing codes through its Code Enforcement Program, utilizing all available authorities to compel property owners to correct code violations.

Replacement/Relocation Program: the City will assist any household displaced through code enforcement activities to relocate to other suitable and affordable housing units.

- **A-I-2:** The City will continue to provide assistance for the rehabilitation of housing units occupied by very low-income and low-income households during the

5-year Housing Element Planning Period.

Housing Rehabilitation Program: The City will provide funds to assist very low- and low-income owner and renter households to undertake repairs to their homes to bring them into a good state of repair and maintain them as viable units in the local housing stock. The City will give priority for participation in this program to very low-, and low-income homeowners and renters who are subject to code enforcement actions that could otherwise lead to displacement of residents.

- **A-I-3:** New infrastructure should be replaced as needed to conserve older neighborhoods.

Capital Improvement Program: When updating its capital improvement budget, the City of Milpitas will allocate resources to rehabilitate and/or replace infrastructure in older neighborhoods whose infrastructure is approaching obsolescence.

- **A-I-4:** Milpitas will collaborate with other governmental, for-profit, and non-profit entities to ensure that no lower-income residents are adversely impacted by the conversion of existing affordable housing projects to market-rate rents.

Conversion Monitoring and Response Program: Monitor the status of units at risk of conversion to market rates through the State-mandated process for owners to provide notice of planned conversions. If notice is received, immediately contact qualified and interested non-profit organizations to begin developing plans to preserve, acquire, or replace the affordable units. Also, notify impacted tenants at least one-year in advance of the potential market conversion, and offer resources for assistance.

Below-Market Rate Financing Program: Utilize available tax-exempt bond financing, Redevelopment Housing Set-Asides, CDBG funds, and other resources as available to assist housing operators to acquire and preserve as affordable housing those units whose conversion to market rates is imminent.

- **A-I-5:** The City will maintain the existing stock of affordable housing provided through the private market, and provide tenant protections for apartment units at risk of condominium conversion.

Condominium Conversion Ordinance: The City will continue to administer a condominium conversion ordinance that was enacted with the intention of minimizing the negative impacts of conversions on the rental market.

Mobile Home Rent Control Ordinance: The City will continue to administer a mobile home rent control ordinance that regulates rental rates and landlord tenant relations for 572 mobile home units.

Housing and Neighborhood Conservation Quantified Objectives

- Support the Rehabilitation of at least 50 housing units over the Housing Element planning period, including 20 units affordable to very low-income households, and 30 units affordable to low-income households.
- Conserve at least 572 existing affordable housing units, including 450 which are affordable to very low-income households and 120 which are affordable to low-income households.

B. New Housing Production

Guiding Principles

B-G-1: Provide Adequate Sites for Housing Development

The City of Milpitas will maintain adequate sites to accommodate its share of the regional housing need, including sites that would be appropriate for the development of housing affordable to very low-, low-, moderate- and above moderate-income households.

B-G-2 Remove Constraints to Housing

The City of Milpitas will take necessary steps to remove government and public infrastructure constraints to housing development.

Implementing Policies

- **B-I-1:** Land use policies and development standards will be established to facilitate housing production.

Transit-Oriented Development Overlay Zone. Consistent with the newly adopted Draft Midtown Specific Plan, promote and support higher-density residential development within the Transit Oriented Development Overlay Zone around the Great Mall and Capitol Avenue light rail stations. Continue to implement the development standards described in this Housing Element (P.52), which include reduced setbacks, parking requirements, and open space requirements, as a means of promoting higher density housing within the Midtown area.

Minimum Housing Densities. Consistent with the newly adopted Draft Midtown Specific Plan maintain minimum densities of 21 units per gross acre in the mixed use district, 31 units per gross acre in the multifamily very high density area, and 41 units per gross acre around transit stations on very high density parcels.

Mixed-use Zoning District. Consistent with the newly adopted Draft Midtown Specific Plan, maintain a mixed use zoning district. The district specifically encourages the mixing of residential and commercial uses.

Allowance for Housing in the TC Town Center Zoning District. By 2004, pursue a zoning text amendment to allow housing at densities of up to 40 units per acre as a permitted use (rather than a conditional use) within the TC Town Center Zoning District.

Rezone Commercial and Industrial Land to Allow Mixed Use and Residential Development. Consistent with the Draft Midtown Specific Plan, allow multi-family residential development as a use by right in mixed use areas and residential districts in the Midtown area.

- **B-I-2:** Public infrastructure constraints to housing production will be addressed as feasible.

Sanitary and Storm Sewer Improvements. Coordinate with the Cities of San Jose and Santa Clara and the tributary agencies if needed to acquire sufficient wastewater capacity to serve residential development. Measures to be explored include the reduction of wastewater flows (through water conservation programs) and the purchase of surplus capacity from other agencies using the regional water pollution control plant. Continue to work with the Santa Clara Valley Water District to reduce the extent of the flood plain on the housing sites identified in the Draft Midtown Plan. On an ongoing basis, explore alternatives to the on-site retention of storm water on each housing site, including the development of an area wide retention pond or allowances for porous pavement and other pervious surfaces which can absorb runoff.

Transportation Improvement Costs. Continue to pursue state and federal grants and other financial measures which reduce the cost of off-site traffic improvements for housing developers in the City. At a minimum, State Transportation Improvement Program (STRP) and federal TEA-21 (or its successor program) funds will be pursued. This could also include the use of redevelopment funds to offset costs for projects that include a significant number of affordable housing units.

Union Pacific Site Access and Infrastructure Improvements. By 2004, develop a strategy to address access and infrastructure constraints on the former Union Pacific Rail yards site on the east side of Hammond Way. The strategy should address the development of an additional access route (potentially including another railroad crossing), and an internal network of water and sewer lines from the site perimeter.

Trade Zone Boulevard Sewer Services. By the end of 2003, develop an interlocal agreement with the City of San Jose to provide sewer service to the very high density residential sites along Trade Zone Boulevard. These sites currently lack sewer facilities.

Sewer Master Plan Follow-Up Measures. Following the completion of the City's Water/Sewer Master Plan in January 2003, take the necessary measures to adjust sewage capacity to the level necessary to support build out of the Midtown Specific Plan. As the Midtown Specific Plan EIR indicates, these measures could include the purchase of surplus capacity from other communities using the Water Pollution Control Plant, partial funding of a plant expansion or the implementation of additional water conservation and wastewater recycling measures.

Stormwater Detention Requirement Waivers. By spring 2003, develop an agreement with the Regional Water Quality Control Board to waive or reduce on-site stormwater detention requirements for infill and transit-oriented development projects within the Midtown area. In the event that a centralized stormwater detention pond is developed in Midtown Milpitas, its location should be on a site other than those identified in this Element as having housing potential.

Calculation of Density on Parcels with Stormwater Detention Ponds. In the event that on-site retention of stormwater is required on any housing site, the number of allowable housing units should be based on total site area, and not on the net developable area after the retention pond area should be transferred to the buildable portion of the site.

- **B-I-3:** Develop incentives and marketing strategies to promote the redevelopment of sites within the Midtown Specific Plan Area.

Midtown Task Force. During 2002 and 2003, convene a Midtown Task Force to develop incentives and strategies to promote the reuse of land within the Midtown Area. At a minimum, incentives should include fee subsidies and reduced off-site improvement requirements for projects incorporating substantial components of affordable housing. The Task Force should also act as a liaison to local property owners to facilitate the marketing of sites and the development of concept plans

Marketing and Promotional Materials. The City should continue to prepare marketing and promotional materials for Midtown, similar to the recently prepared Midtown Fact Sheet and glossy four-page brochure. This information should be made available to market-rate and affordable residential developers and distributed as appropriate through the City's Business Development efforts.

Expansion of Redevelopment Area. By 2004, the City should complete a feasibility assessment of expanding its Redevelopment Project Area to include portions of Old Town Milpitas and the Union Pacific Rail yards.

Commitment of Redevelopment Funds. The City should continue to commit a substantial share of its redevelopment funds to improve infrastructure within the Midtown area in order to facilitate the reuse of key housing sites. As feasible, redevelopment funds should also be used to underwrite development impact fees for affordable housing projects, thereby reducing developer costs.

Master EIR. Continue to use the Master EIR for Midtown to expedite environment review for subsequent projects that are consistent with the Midtown Specific Plan.

Land Acquisition and Site Assembly. The City will continue to assist willing sellers and prospective housing market-rate and affordable developers with the assembly of small parcels into larger, more viable housing sites. It will also continue to assist housing developers with land acquisition costs, as it did with the recently completed Monte Vista and Summerfield projects.

- **B-I-4:** Support the rezoning of marginal commercial areas to allow housing.

Rezoning of Dixon Landing Road and Fiesta Plaza from C1 to MXD by 2004. Work with property owners along the north side of Dixon Landing Road (between North Milpitas Blvd and Arizona Avenue) and at the Fiesta Shopping Plaza and adjacent vacant commercial parcel to pursue rezoning these sites from C1 (Neighborhood Commercial) to MXD (Mixed Use). The rezoning would allow multi-family housing on these sites but would allow most of the existing uses to remain as legal, conforming uses.

New Housing production Quantified Objective

- 4,348 new housing units between 1999 and 2006, including 698 units affordable to very low-income households, 351 affordable to low-income households, 1,146 affordable to moderate-income households and 2,153 affordable to above moderate-income households.

C. Housing Diversity & Affordability

Guiding Principles

C-G-1: Promote Housing Affordability for both Renters and Homeowners

The City of Milpitas will use available resources to expand the number of new housing units affordable to very-low, low- and moderate-income households.

C-G-2: Support Housing to Meet Special Needs

The City of Milpitas strives to increase the range of housing opportunities for all residents, including those with special needs and those unable to afford market rate housing within the community. The City of Milpitas will place a priority on construction of housing that is appropriate to meet the needs of various special needs populations.

C-G-3: Support Diversity and Creativity in Residential Development

In recognition of the diverse needs of Milpitas' households, the City supports creativity in the design and development of housing projects.

Implementing Policies

- **C-I-1:** Facilitate the development of at least 351 new housing units affordable to low-income households and at least 698 new housing units affordable to very low-income households.

Below-Market Rate Financing Program (New Construction): Utilize available tax-exempt bond financing, Redevelopment Housing Set-Asides, CDBG funds, and other available resources to provide financing for housing affordable to very low- and low-income households.

Study Increasing the Redevelopment Housing Set-Aside. Examine the feasibility of increasing the redevelopment tax increment housing set-aside above 20 percent in-line with the City's ongoing commitment to supporting affordable housing production.

- **C-I-2:** The City of Milpitas will continue to target the provision of at least 20 percent affordable units within new multifamily residential projects.

Use the Planned Unit Development Process to Promote Affordable Units in Residential Projects. In conformance with policies established for new residential development by the Midtown Specific Plan, determine affordable housing requirements on a project by project basis, aiming for a minimum 20 percent affordable units in all housing developments.

- **C-I-3:** Milpitas will provide density bonuses and other incentives for projects which provide affordable units.

Amend Density Bonus Ordinance by 2004. Amend the Milpitas Zoning Ordinance to delete provisions for a Density Bonus Combining District and to instead allow density bonuses in all districts where housing is allowed. Local density bonus requirements should conform to state law.

Fee Subsidies for Affordable Housing. On a project by project basis, the City will continue to implement procedures for subsidizing development fees for housing developments with a large proportion of affordable units, or other housing meeting special needs in the community. In the event that the City adopts road impact fees or stormwater impact fees, similar subsidies will be considered for developments with a large proportion of affordable or special needs housing.

- **C-I-4:** The City will promote the ability of lower- and moderate-income households to become homeowners.

First-Time Homebuyer Program Needs Assessment. Explore the feasibility of instituting a first-time home buyer program for very-low, low- and moderate-income households in the City of Milpitas.

- **C-I-5:** On a citywide basis, Milpitas will promote housing for senior citizens, persons who are physically disabled, large households with lower incomes, single-parent households, and the homeless.

Emergency/Transitional Housing. Consistent with current City land use and zoning policies, maintain sites in the City of Milpitas that are suitable for use as transitional or emergency housing for individuals or families that are homeless or at risk of homelessness. Facilitate the development of emergency and transitional housing through financial and/or other incentives.

Supportive Services for Homeless Families and Individuals. Continue to Support emergency services and housing resources consistent with the City's ongoing commitment to and participation in the Santa Clara County Continuum of Care Plan.

Zoning Amendment. Amend the Milpitas Zoning Ordinance to define the term "group dwelling as including homeless shelters and conditional housing. Identify group dwellings as a conditionally permitted use in the recently created MXD Zoning district as in the R3 and R4 districts.

Housing Support for Disabled Persons. Continue efforts to improve housing opportunities for disabled households in Milpitas. These efforts include:

- Providing funds (through CDBG and other programs) to local non-profits assisting residents with home retrofits.
- Including units appropriate for disabled households within new housing developments.
- Enforcing Title 24 of the California Building Code, and the Americans With Disabilities Act (ADA) when reviewing proposed development plans.
- Assisting disabled residents with information on housing resources and suitable housing opportunities in the community.

C-I-6: In public outreach efforts, the City will convey to the community that affordable housing can be attractive, enhance the quality of life, and provide an essential resource for long-time Milpitas residents and workers

Public Education. The City will consider establishing a public education campaign showcasing exemplary projects through awards programs and other forms of positive recognition.

C-I-7: The City will support new housing types such as live/work lofts.

Live/Work Lofts. Consistent with the Midtown Specific Plan, consider live work lofts as one housing type to address the changing needs of Milpitas' population.

C-I-8: The City will support the Inclusion of studio and 4-BR units in new residential developments in the City.

Negotiate Housing Diversity. In reviewing proposed projects, City staff shall attempt to obtain the inclusion of studio and 4-BR units in new projects as feasible and appropriate through a mixture of incentives, including financial and regulatory incentives available to developments which include studio and 4-BR units.

Housing Affordability and Diversity Quantified Objectives

- At least 351 new housing units affordable to low-income households and at least 698 new housing units affordable to very low-income households.
- Provide at least \$7,666,045 in Redevelopment Agency funds towards subsidizing housing affordability.
- Use the City's annual allocation of CDBG funds to subsidize housing affordability to the extent feasible and taking into account other community development goals.
- Initiate feasibility study to determine if the housing redevelopment set aside should be increased, and by how much.
- Utilize the PUD process to negotiate diversity in housing types and configurations to meet the needs of Milpitas households.

D. Fair Housing

Guiding Principle

D-G-1: Eliminate Housing Discrimination

Milpitas values diversity, and the Milpitas community strives to ensure that all households have equal access to the City's housing resources.

Implementing Policy

- **D-I-1:** The City will work to eliminate on a citywide basis all unlawful discrimination in housing with respect to age, race, sex, sexual orientation, marital or familial status, ethnic background, medical condition, or other arbitrary factors, so that all persons can obtain decent housing.

Work with appropriate State and Federal Agencies to ensure that fair housing laws are enforced.

Continue implementation of City's ordinances and policies prohibiting discrimination in housing practices.

Carry out necessary actions to address the impediments to fair housing choice identified in the City's HUD mandated Analysis of Fair Housing Choice.

Continue to distribute information on fair housing laws through flyers brochures, public service announcements and other means. Also, continue to support the efforts of local agencies involved in fair housing activities.

Fund Appropriate Agency to Advocate for Milpitas Households. Continue to fund an appropriate agency to advocate on behalf of households in the City of Milpitas that may have experienced unfair or illegal housing practices.

Fair Housing Quantified Objectives

- Continue to fund Projects Sentinel or other appropriate agency in the amount of at least \$20,000 per year to distribute fair housing information in the community and represent at least 400 local clients.

E. Energy Conservation

Guiding Principle

E-G-1: Promote Energy Conservation in Residential Development

The City of Milpitas will promote energy efficiency in residential development within the City, including reduction of energy use through better design and construction in individual homes, and also through energy efficient urban design.

Implementing Policies

- **E-I-1:** The City will continue to undertake a variety of activities to achieve energy efficiency in residential development in conformance with State law.

Energy Conservation Partnership Program: Partner with local utility providers to promote participation in available energy efficiency programs (e.g., PG&E Comfort Home Program; rebates for energy efficient appliances).

- Energy Efficient Design Program. Encourage the incorporation of energy-saving principles in the design and planning of new residential developments, including features such as solar orientation, mixed-use, and transit-oriented development at transit nodes.

Energy Conservation Quantified Objectives

- Working with PG&E and other local utility providers to provide information on energy efficiency programs to all Milpitas households.
- Encourage all new residential developments in the City to incorporate principles of energy efficient design.

Five-Year Action Plan

The Five-Year Action Plan presented on the following pages summarizes the Housing Plan elaborated above, and sets forth a framework of specific programs for realizing Milpitas' housing goals. Each program listed in the action plan is associated with an implementing agency, funding source and time-frame for implementation.

Five-Year Housing Action Plan

Guiding Principle/Implementing Policy	Program	Implementing Agency	Funding Source	Time Frame
Housing & Neighborhood Conservation				
<i>A-G-1: Maintain High Quality Residential Environments</i>				
Policy A-1-1	Code Enforcement Program	Neighborhood Preservation Divisior	General Fund/CDBG/Redev.	Ongoing
	Replacement/Relocation Program	Neighborhood Preservation Divisior	General Fund/CDBG/Redev.	Ongoing
Policy A-1-2	Housing Rehabilitation Program	Housing Division	Redev. Housing Funds	Ongoing
Policy A-1-3	Capital Improvement Program	Public Works Dept.	General Fund/Dept. Budget	Ongoing
<i>A-G-2: Preserve Housing Resources</i>				
Policy A-1-4	Conversion Monitoring and Response Program	Housing Division	Redev. Housing Funds	Ongoing
	Below-Market Rate Financing Program	Housing Division	Redev. Housing Funds, CDBG	Ongoing
Policy A-1-5	Condominium Conversion Ordinance	Housing Division	No Cost	Ongoing
	Mobile Home Rent Control Ordinance	Housing Division	No Cost	Ongoing
New Housing Production				
<i>B-G-1: Provide Adequate Sites for Housing Development</i>				
Policy B-1-1	Transit-Oriented Development Overlay Zone	Planning Division	General Fund/Dept. Budget	Complete by 12/02
	Minimum Housing Densities	Planning Division	General Fund/Dept. Budget	Complete by 12/02
	Mixed-Use Zoning District	Planning Division	General Fund/Dept. Budget	Complete by 12/02
	Allow Mixed Use and Residential Development By Right	Planning Division	General Fund/Dept. Budget	Complete by 12/02
	Allowance for Housing in TC Town Center Zoning District	Planning Division	General Fund/Dept. Budget	Complete by 1/04
<i>B-G-2: Remove Constraints to Housing</i>				
Policy B-1-2	Sanitary and Storm Sewer Improvements	Public Works Dept.	Agency Funds, General Fund	Complete by 01/03
	Transportation Improvement Costs	Redev. Agency, Depts. Of Transportation and Engineering	Agency Funds, General Fund	Ongoing
	Union Pacific Site Access and Infrastructure Improvements	Public Works Dept.	Agency Funds, General Fund	1/04
	Trade Zone Boulevard Sewer Service	Public Works Dept.	Agency Funds, General Fund	12/03
	Sewer Master Plan Follow-Up Measures	Public Works Dept.	Agency Funds, General Fund	12/02
	Stormwater Detention Requirement Waivers	Public Works Dept.	Agency Funds, General Fund	4/03
	Density Calculations on Parcels with Stormwater Detention Ponds	Public Works Dept.	Agency Funds, General Fund	Ongoing
Policy B-1-3	Midtown Task Force	Planning Division	General Fund/Dept. Budget	2002-2003
	Marketing and Promotional Materials	Redevelopment Agency	Agency Funds, General Fund	Ongoing
	Expansion of Redevelopment Area	Redevelopment Agency	Agency Funds, General Fund	2004
	Commitment of Redevelopment Funds	Redevelopment Agency	Agency Funds, General Fund	Ongoing
	Master EIR	Planning Division	General Fund/Dept. Budget	Ongoing
	Land Acquisition and Site Assembly	Redevelopment Agency	Agency Funds, General Fund	Ongoing
Policy B-1-4	Rezoning of Dixon Landing Rd. and Fiesta Plaza from C1 to MXD	Planning Division	General Fund/Dept. Budget	2004

Housing Diversity and Affordability

C-G-1: Promote Housing Affordability for both Renters and Homeowners

Five-Year Housing Action Plan

Guiding Principle/Implementing Policy	Program	Implementing Agency	Funding Source	Time Frame
Policy C-I-1	Below Market-Rate Financing Program	Housing Division, Redev. Agency	Redev. Housing Funds, CDBG	Ongoing
Policy C-I-2	Increase Redevelopment Set-Aside 20 Percent Affordable Units in New Projects	Housing Division, Redev. Agency Planning Divis., Redev. Agency & City Manager	Redev. Housing Funds, CDBG Redev. Housing Funds, CDBG Redev. Housing Funds, CDBG	Ongoing Ongoing Ongoing
Policy C-I-3	Density Bonus Ordinance Fee Reductions for Affordable Housing	Housing Division Planning Divis., Redev. Agency & City Manager	Redev. Housing Funds, CDBG Redev. Housing Funds, CDBG	2004 Ongoing
Policy C-I-4	First Time Homebuyer Program	Housing Division	Redev. Housing Funds, CDBG	Ongoing
C-G-2: <i>Support Housing to Meet Special Needs</i> Policy C-I-5	Emergency/Transitional Housing Homeless Services Housing Support for Disabled Persons	Housing Division, Redev. Agency Housing Division, Redev. Agency Housing Division, Redev. Agency	Redev. Housing Funds, CDBG Redev. Housing Funds, CDBG Redev. Housing Funds, CDBG	Ongoing Ongoing Ongoing
C-G-3: <i>Support Housing Diversity and Creativity in Residential Development</i>				
Policy C-I-6	Public Education	Housing Division	No direct cost	Ongoing
Policy C-I-7	Live/Work Lofts	Planning Division	No direct cost	Ongoing
Policy C-I-8	Negotiate Housing Diversity	Planning Division	No direct cost	Ongoing

Fair Housing

D-G-1: <i>Eliminate Housing Discrimination</i> Policy D-I-1	Coordinate with Federal and State Agencies Implement City Ordinances Address Impediments to Fair Housing Choice Distribute Fair Housing Information Fund Appropriate Agency	Housing Division Housing Division Housing Division Housing Division Housing Division	Redev. Housing Funds, CDBG Redev. Housing Funds, CDBG Redev. Housing Funds, CDBG Redev. Housing Funds, CDBG Redev. Housing Funds, CDBG	Ongoing Ongoing Ongoing Ongoing Ongoing
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Energy Conservation

E-G-1: <i>Promote Energy Conservation in Residential Development</i>				
Policy E-I-1	Energy Conservation Partnership Program	Neighborhood Preservation Divisor	General Fund/Dept. Budget	Ongoing

Quantified Objectives

The following table summarizes quantified objectives for the construction, rehabilitation, and conservation of housing in the City of Milpitas for this Housing Element.

Table 25: Summary of Quantified Objectives			
Income Category	New Construction	Rehabilitation	Conservation (a)
Very Low-Income	698	20	450
Low-Income	351	30	122
Moderate Income	1,146	0	0
Above Moderate	2,153	0	0
Totals	4,348	50	572
(a) Includes primarily housing units conserved for very-low income senior households through the City's mobile home rent control ordinance.			

Means to Achieve Consistency with Remainder of General Plan

The City of Milpitas has conducted a review of the proposed Housing Element Update and determined that the proposed Update will not create any inconsistencies with the City's other General Plan elements. As the proposed Housing Element Update proceeds through the revision process toward adoption of a final Housing Element Update, the City will continue to review the proposed document for consistency. Should any inconsistencies result from future changes to the proposed Housing Element Update, the City will determine the most appropriate means to achieve overall General Plan consistency, which would likely involve amending other parts of the General Plan as necessary to achieve consistency with the proposed Housing Element Update.

Related Plans & Policy Documents

City of Milpitas Consolidated Plan

The 1997 Consolidated Plan outlines the City's objectives and strategy for meeting its housing and community development needs using CDBG funds.

Santa Clara County Continuum of Care Plan

The Santa Clara County Continuum of Care Plan 2001-2006 identifies priorities and strategies for meeting the housing and service needs of homeless and at-risk populations for the County generally, including the City of Milpitas. The Plan addresses service shortfalls in existing facilities and programs for homeless households and discusses strategies to expand capacity in the following areas: homelessness prevention, outreach and assessment, emergency shelter, transitional housing and permanent housing affordable to extremely low-income and homeless households.

Redevelopment and Housing Implementation Plan

The Redevelopment and Housing Implementation Plan describes the Milpitas Redevelopment Agency's strategy for use of Agency tax increment funds, including the 20 percent housing set-aside funds. The Plan details the Agency's strategy in meeting the affordable housing obligations (inclusionary and replacement) in City redevelopment project areas.

Appendix A: Housing Accomplishments, 1994-2000

Appendix A: City of Milpitas Housing Element - Accomplishments

Policies

Achievements

Goal 1: To Encourage the Provision of Decent Housing for all Persons of Age Income Race or Ethnic Background, Sex, Marital Status or other Arbitrary Factors

Policy 1: To Continue to Encourage the provision of equal housing opportunities for all Milpitas.

Addition of 518 affordable housing units (468 rental/50 ownership units) with long-term affordability restriction agreements.

Maintained long-term affordability for Sunnyhills Apartments, 171 units at-risk of converting to market rents.

Funding of Project Sentinel to address fair housing issues and resolve tenant/landlord conflicts. Approximately 80 to 85 Milpitas residents have been assisted per year.

Collaboration with other cities in Santa Clara County to address various regional housing issues (funding of shelters for homeless, Countywide fair housing and homelessness reports).

Funding of housing for special needs groups, such as Support Network for Battered Women, Emergency Housing Consortium, Project Match and Alum Roc Counseling Center.

Policy 2: To eliminate housing deficiencies and prevent future blight through conservation, reconstruction and removal.

Expansion of the Single-Family Rehabilitation Loan Program to assist low and moderate-income households on home repairs and improvements (up to \$50,000/per housing unit) to process 6-8 applications per year.

Policy 3: To encourage the County Housing Authority (CHA) and the Federal government to continue financial assistance to low and moderate income families to insure that all persons, regardless of income, can afford decent housing.

Became Community Development Block Grant (CDBG) entitlement city to receive more funding allocation -- \$2.7 million during the past 4 years -- from Department of Housing and Urban Development on housing programs and supportive services.

Worked with Housing Authority of Santa Clara County to increase the number of Milpitas residents with Section 8 Program vouchers from 187 to 330.

Appendix A: City of Milpitas Housing Element - Accomplishments

Policies	Achievements
Policy 4: To continuously review and update City building codes incorporating modern construction techniques and materials to encourage water, sewer and energy conservation, assist crime and fire prevention, provide access for the disabled and improve seismic safety.	Updated and amended California Uniform Building Code (UBC) as required by the State to address any deficiencies in modern construction techniques to improve development of affordable housing projects. Implemented water, sewer and energy conservation measures to reduce cost of housing. Adopted fire and crime prevention measures to ensure safety and security of residential properties.
Policy 5: To develop programs by which the cost of housing can be reduced to middle income families.	<p>Allocated \$10-\$12 million in Redevelopment Funds for affordable housing for low and moderate income households. 518 (468 rental and 50 for-sale) units were developed.</p> <p>Used Redevelopment Funds (low interest rate loans/grants) and waiver of Development and Park Fees to encourage developers to construct affordable housing.</p>
Policy 6: To pursue all available means of providing affordable housing for senior citizens.	Mobilehome Park Rent Control Ordinance (572 units/80% seniors). Ordinance serves as a vehicle for long term affordable housing to mobilehome park residents.
Policy 7: The City of Milpitas shall assist its residents in understanding the nature and value of providing affordable housing (including low income housing) and maintaining a variety of housing types for all segments of the population. The City's housing and development policies shall encourage a positive perception of affordable housing.	Continued educational and outreach efforts to the general public on the value of providing affordable housing through community meetings, flyers, brochures and the use of the City's website and cable television. Worked with developers to provide a variety of housing types for all segments of the population.
Goal 2: To Encourage the Provision of a Variety of Individual Choices in Housing Type and Location	
Policy 1: To use zoning for new residential developments to encourage a variety and mix in housing types and costs.	<p>Adopted Density Bonus Ordinance to encourage high-density residential development projects.</p> <p>Flexibility in housing element goals and policies not to prohibit development of affordable housing.</p>

Appendix A: City of Milpitas Housing Element - Accomplishments

Policies

Policy 2: To use zoning in ways which will consider the location of housing in close proximity to new industrial development which can be served by existing City services and facilities.

Policy 3: To plan for housing construction adequate to provide for future populations and for replacement needs, consistent with community goals.

Achievements

Implemented land use policies in Midtown area and other areas of the City to encourage new development to locate in areas in close proximity to employment centers.

Rezoned 200+ acres of land from commercial and industrial to residential general plan and zoning designations to accommodate future residential developments.

Goal 3: To Establish, Maintain and Enhance the Character, Quality and Livability of Residential Areas

Policy 1: To provide a sufficient level of City service to maintain the existing livability of residential areas.

Neighborhood Beautification Ordinance (NBO) and the use of Redevelopment Agency funds provided policy direction and appropriate funding sources for citywide projects to continue to enhance the level of services and improve the overall quality of life within the city.

Policy 2: To encourage sufficient open space and recreational opportunity within neighborhoods to provide for the needs of residents.

Implementation of policies and objectives outlined in the General Plan Open Space Element to increase the overall amount of recreational opportunities for all segments of the population and provide sufficient open space.

Policy 3: To encourage the use of garages and driveways for parking and thereby improve the appearance of the neighborhood.

Continued to review amendments to the Zoning Ordinance as appropriate to improve the physical appearance of garages and driveways in residential areas.

Goal 4: To Insure that Future Residential Development Enhances the Overall Character of the Community

Policy 1: To encourage high quality site and architectural design for new residential projects.

Continued to work with developers in the initial design stages of projects to address major issues early on and to prevent unnecessary delays of projects, and to encourage high quality site and project design.

Policy 2: To ensure environmental impacts, such as traffic, from new residential projects are insignificant or have been reduced to insignificant levels.

Worked with the County of Santa Clara Congestion Management Agency and other surrounding jurisdictions to address and mitigate local and regional traffic impacts to reduce the impacts associated with new residential development.

Appendix B: Housing Conditions Survey Instrument

Appendix B: Windshield Survey Ranking Sheet

Building Address: _____ Mixed-Use Bldg.? Yes / No

Type of Building (circle one): S.F.R. 2-4 Units 5+ Units

Total Units Vacant Units Res. Units 100 % Vacant ? Yes / No

Building Conditions

(For each component, place a check in the appropriate column)

Building Components	Sound	Minor Defects	Major Defects	Critical Defects
Roof, Gutters, and Chimney				
Porches, Stairs, and Fence				
Doors and Windows				
Exterior Surfaces				
Foundation				
Total				

Overall Building Condition

Good Fair Poor

Key: *Good:* *No more than two Minor Defects*
Fair: *No more than four Minor defects or one Major Defect*
Dilapidated: *Five or more Minor Defects or two or more Major Defects or one Critical Defect*

Appendix C: Housing Market Data

Appendix C-1: Apartment Rental Rates in Milpitas, 2001

Project Level Data, August, 2001

Complex Name	Unit Type	Square Feet	Monthly Rent	Rent/Square Feet
Casa Grande Apartments	1 Bdrm/1 Bath	606	\$1,495	\$2.47
	2 Bdrm/1 Bath	832	\$1,695	\$2.04
	3 Bdrm/1 Bath	1,006	\$1,900	\$1.89
Mill Creek & BranderMill	1 Bdrm/1 Bath	544-731	\$1,695-\$1,845	\$3.11-\$2.52
	2 Bdrm/2 Bath	940-1012	\$2,285-\$2,450	\$2.43-\$2.42
	3 Bdrm/2 Bath	1,306	\$2,810	\$2.15
Indian Hill Apartments	1 Bdrm	640	\$1,095	\$1.71
	2 Bdrm	780	\$1,250	\$1.60
	3 Bdrm	900	\$1,450	\$1.61
Suntree Garden Apartments	1 Bdrm	650	\$1,450	\$2.23
	2 Bdrm	800-1,100	\$1,750-\$2,050	\$2.19-\$1.86
	3 Bdrm	1,100	\$2,150	\$1.95
Spinnaker Pointe Apartments	1 Bdrm	718-840	\$1,650-\$1,800	\$2.30-\$2.14
	2 Bdrm	980	\$1,900	\$1.94
Victorian Square	1 Bdrm	720	\$1,800	\$2.50
	2 Bdrm	840-960	\$1,900-\$2,000	\$2.26-\$2.08

Real Facts Survey, December, 2001

1 Bdrm	652	\$1,487	\$2.28
2 Bdrm	872	\$1,670	\$1.92
3 Bdrm	1,165	\$1,730	\$1.48

Sources: Real Facts, 2001; BAE, 2002.

Table C-2: Milpitas Home Sales, 12/14/2000-6/14/2001

Housing Type	Lot Square Feet		Living Area Square Feet		Price Per Living Square Foot		Sales Price	
	Average	Median	Average	Median	Average	Median	Average	Median
Single-Family Detached Homes								
2 Bedrooms	1,839	1,307	1,286	1,238	\$334	\$348	\$429,222	\$411,500
3 Bedrooms	5,197	5,663	1,285	1,253	\$347	\$349	\$439,291	\$425,000
4+ Bedrooms	5,313	5,663	1,928	1,856	\$304	\$306	\$578,413	\$585,000
All SFR	4,977	5,663	1,534	1,399	\$329	\$332	\$492,192	\$448,750
Condominiums								
2 Bedrooms	1,699	1,586	988	952	\$295	\$292	\$291,036	\$279,000
3 Bedrooms	2,010	920	1,312	1,220	\$295	\$285	\$389,477	\$350,000
All Condominiums	1,800	1,215	1,184	1,155	\$298	\$290	\$354,503	\$325,000
All 2 Bedroom Units	1,754	1,430	1104	1165	\$310	\$302	\$345,109	\$298,000
All 3 Bedroom Units	4,471	5,663	1292	1253	\$335	\$338	\$427,941	\$425,000
All Residences	4,231	5,227	1,451	1,330	\$322	\$319	\$460,240	\$437,750

Notes:

Represents all full and verified single-family residence and condominium sales within Milpitas from 12/14/00-6/14/01.

Sources: First American Real Estate Solutions, 2001; BAE 2002.

Table C-3: Affordable Single Family Residence Assumptions

	<u>Household Income (a)</u>	<u>Sale Price</u>	<u>Down Payment (b)</u>	<u>Total Mortgage</u>	<u>Monthly Payment</u>	<u>Monthly Property Tax (c)</u>	<u>Monthly Insurance & HOA Dues (d)</u>	<u>Total Monthly PITI (e)</u>
50 Percent AMI								
1 Person HH	\$30,550	\$111,268	\$22,254	\$89,014	\$592.21	\$102.00	\$69.54	\$763.75
2 Person HH	\$34,900	\$127,111	\$25,422	\$101,689	\$676.54	\$116.52	\$79.44	\$872.50
3 Person HH	\$39,300	\$143,136	\$28,627	\$114,509	\$761.83	\$131.21	\$89.46	\$982.50
4 Person HH	\$43,650	\$158,980	\$31,796	\$127,184	\$846.16	\$145.73	\$99.36	\$1,091.25
5 Person HH	\$47,150	\$171,727	\$34,345	\$137,382	\$914.00	\$157.42	\$107.33	\$1,178.75
80 Percent AMI								
1 Person HH	\$48,350	\$176,098	\$35,220	\$140,878	\$937.27	\$161.42	\$110.06	\$1,208.75
2 Person HH	\$55,250	\$201,229	\$40,246	\$160,983	\$1,071.02	\$184.46	\$125.77	\$1,381.25
3 Person HH	\$62,150	\$226,359	\$45,272	\$181,087	\$1,204.78	\$207.50	\$141.47	\$1,553.75
4 Person HH	\$69,050	\$251,490	\$50,298	\$201,192	\$1,338.54	\$230.53	\$157.18	\$1,726.25
5 Person HH	\$74,550	\$271,522	\$54,304	\$217,218	\$1,445.15	\$248.90	\$169.70	\$1,863.75
100 Percent AMI								
1 Person HH	\$61,100	\$222,535	\$44,507	\$178,028	\$1,184.43	\$203.99	\$139.08	\$1,527.50
2 Person HH	\$69,850	\$254,404	\$50,881	\$203,523	\$1,354.04	\$233.20	\$159.00	\$1,746.25
3 Person HH	\$78,550	\$286,091	\$57,218	\$228,872	\$1,522.69	\$262.25	\$178.81	\$1,963.75
4 Person HH	\$87,300	\$317,959	\$63,592	\$254,367	\$1,692.31	\$291.46	\$198.72	\$2,182.50
5 Person HH	\$94,300	\$343,454	\$68,691	\$274,763	\$1,828.01	\$314.83	\$214.66	\$2,357.50
120 Percent AMI								
1 Person HH	\$73,350	\$267,151	\$53,430	\$213,721	\$1,421.89	\$244.89	\$166.97	\$1,833.75
2 Person HH	\$83,800	\$305,212	\$61,042	\$244,169	\$1,624.47	\$279.78	\$190.76	\$2,095.00
3 Person HH	\$94,300	\$343,454	\$68,691	\$274,763	\$1,828.01	\$314.83	\$214.66	\$2,357.50
4 Person HH	\$104,750	\$381,515	\$76,303	\$305,212	\$2,030.58	\$349.72	\$238.45	\$2,618.75
5 Person HH	\$113,150	\$412,109	\$82,422	\$329,687	\$2,193.42	\$377.77	\$257.57	\$2,828.75

Notes:

a) From California Dept. of Housing and Community Development.

b) Mortgage terms:

Annual Interest Rate (Fixed) 7.0%

Term of mortgage (Years) 30

Percent of sale price as down payment 20.0%

c) Initial property tax rate (Annual) 1.10%

d) Annual insurance rate as percent of sale price 0.75%

Homeowner's Dues \$0

e) PITI = Principal, Interest, Taxes, and Insurance

Percent of household income available for PITI 30.0%

Source: California Department of Housing and Community Development; BAE, 2002.

Appendix D: Inventory of Adequate Sites

Appendix D-1: Inventory of Adequate Housing Sites

Map ID #	# of Parcels	Site Name	Acres	Existing Use	Current Zoning	Proposed Zoning	General or Specific Plan Designation	Density (du/ac)	Units	HazMat Constraints	Infrastructure Constraints	Probability of Development by 2006
VACANT SITES PLANNED FOR HOUSING												
1	1	North Park Victoria at Creed	4.9	Vacant	R1	R1	SF Low/Ag	3-5	24	None	None	High
Status: <i>This is the largest vacant single family detached housing site in the City. It is in a desirable location, adjacent to existing single family neighborhoods and development feasibility is considered high. Although the site is in the sphere of influence, it is currently outside the City limits and would require annexation and rezoning prior to its development. The site's General Plan designation is Single Family Low Density Residential, and its development at 5 units per acre is likely. Water lines exist on all street frontages, and sewer lines exist along Creed St. and Rankin Dr., and at the corner of Pak Victoria and Country Club Dr. The site is in the Alquist Priolo Special Studies zone, and would require a geotechnical evaluation prior to development. Given its location and the adding expense of constructing in the Special Studies Zone, the site would probably not support affordable housing.</i>												
2	4	Abel at Great Mall	8.1	Vacant	R4/TOD	R4/TOD	MF-Very High TOD	41-60	405	None	None	Very High
Status: <i>This site is adjacent to the new Great Mall light rail station and is currently being marketed for residential development. The entire site is vacant and flat. The Midtown Specific Plan indicated that there were no hazardous materials on the site. At least a half dozen developers have recently expressed interest in the site and have contacted the City to discuss housing possibilities. Three developers have submitted concept plans, with densities ranging from 48 to 56 units per acre. The site is within Redevelopment Project Area 1, so at least 20 percent of the units will be affordable. Construction is likely by 2004. There may also be an opportunity to expand the housing site beyond the 8.1 acres reported above, as an adjacent 2-acre parcel is also available for development. The adjacent parcel was originally planned for office development, but several of the developers interested in the Abel site have considered its acquisition for housing. Like development sites throughout Milpitas, the site is within Flood Zone AO. Importing of one foot of fill would be required for construction. Although no on-site dedication of stormwater facilities is anticipated at this time, if such a facility were required it would probably encompass less than five percent of the site's area. Water lines are present along the Abel Street frontage and along the westbound lanes of Great Mall Parkway. Sewer connection points exist at Great Mall/Abel, and at the southeast area near Main/Great Mall.</i>												
3	1	County Surplus Site	9.8	Vacant	R4	R4	MF-Very High	31-40	343	None	None	Very High
Status: <i>This is a large, flat, unconstrained site owned by the County of Santa Clara, but within the boundaries of the City of Milpitas. Santa Clara County is currently in the process of marketing it for development. A Request for Proposals has been issued and several developers are under consideration. Because the site is within a redevelopment area, a large affordable housing component is likely. In fact, since the site is being sold by a public agency it is very likely that more than 20 percent of the units will have affordability restrictions. The Midtown Specific Plan EIR indicated that there are no hazardous materials on this site. Only a small portion of the site is within the flood plain, and it is considered buildable with one foot of fill. The site has excellent transportation access along South Abel Street and has water and sewer service along all road frontages. Development before 2006 is likely.</i>												
4	1	Adjacent to St. John's	2.4	Vacant	MXD	MXD	Mixed Use	21-30	60	None	None	High
Status: <i>This is a flat unconstrained through-lot with excellent transportation access and frontage along both Abel Street and South Main Street. The site has no flooding constraints, no hazardous materials issues, and no infrastructure constraints. It is adjacent to two churches. The parcel is long and narrow, creating a potential design challenge. Expansion of the redevelopment area to include this site and its environs is under consideration. Based on the site's location and characteristics, an affordable housing component is likely when this site is developed.</i>												
5	2	Carlo at South Main	0.4	Vacant	MXD	MXD	Mixed Use	21-30	10	None	None	High
Status: <i>This is a small, flat corner site in the City's Old Town area. There are no infrastructure or flooding constraints, and there is no history of hazardous material use on the site. There are no known plans for the site's development. Given the site's location, it is likely to develop with ground floor commercial uses and upper floor residential uses. Affordable housing is possible on the site, but the number of units created would be relatively small. At least one site in the vicinity of this property (280 South Main Street, one block away) has been developed with a similar project, combining office and market rate housing uses on a 0.2 acre lot.</i>												

6	1	Surplus Caltrans Site	1.1	Vacant	MXD	MXD	Mixed Use	21-30	27	Investigation Needed	None	Medium
<u>Status:</u> This is a flat open site that is ideally situated for affordable housing development. The site is publicly-owned (Caltrans) and is close to the City' s Senior Center. There are no flooding or infrastructure constraints. Water and sewer lines exist along Main Street. The Midtown Specific Plan EIR indicates that additional investigation of hazardous materials may be needed here, although no specific hazards have been identified. There are no plans to develop this site at the current time.												
Map ID #	# of Parcels	Site Name	Acres	Existing Use	Current Zoning	Proposed Zoning	General or Specific Plan Designation	Density (du/ac)	Units	HazMat Constraints	Infrastructure Constraints	Probability of Development by 2006
7	1	Surplus City Site	1.2	Vacant	MXD	MXD	Mixed Use	21-30	30	Investigation Needed	None	High
<u>Status:</u> This site is adjacent to the Milpitas Senior Center. It is flat, open, and has frontage on South Main Street. Since the site is owned by the City, it is very likely that it will be used for affordable housing, most likely for seniors. The site has no infrastructure constraints and is outside of the flood plain. Water and sewerlines are in place along Main Street. The Midtown Specific Plan EIR indicated that further investigation of hazardous materials could be required here, although no specific hazards have been identified.												
8	1	Former Paratransit Site	1.2	Vacant	MXD	MXD	Mixed Use	21-30	30-60	Investigation Needed	None	Very High
<u>Status:</u> This site is privately owned but was formerly a paratransit yard for VTA. Its owner has had a number of predevelopment conferences with the City and is pursuing the site' s development with densities which exceed the top end of the Mixed Use range. The current proposal is for a 60-unit project. There are no infrastructure constraints on the site. The site is Flood Zone AH (base elevation 12') indicating that one to three feet of fill would be imported prior to construction. Development by 2006 is very likely, and an affordable housing component is likely. The site' s proximity to the senior center make it a good candidate for senior housing. A Phase I Environmental Site Assessment may be needed due to the past transportation uses on the site.												
9	2	South Main so. Of Corning	1.5	Vacant	MXD	MXD	Mixed Use	21-30	37	None	None	Medium
<u>Status:</u> These two parcels are flat, vacant, and unconstrained. There are no infrastructure constraints, no history of hazardous material contamination, and no flooding or drainage constraints. The sites could be developed independently, or could be assembled along with the intervening parcels (which contain an old carwash and an old boat storage lot) to create a more viable affordable housing site. There are no plans to develop these sites at the present time. In the event the Redevelopment Area is extended to include the South Main Street corridor, this would be an ideal candidate for site assembly and marketing as an affordable housing site.												
SUB-TOTAL VACANT HOUSING SITES									966, assuming development at density midpoint (814, if developed at minimum density)			
UNDERUTILIZED SITES DESIGNATED FOR HOUSING												
10	4	Dismantling Yards (four contiguous parcels on Trade Zone Blvd.)	12.3	Wrecking yards	R4/TOD	R4/TOD	MF-VeryHigh TOD	41-60	615	None	Needs sewer line	Medium
<u>Status:</u> These four contiguous parcels were recently rezoned for very high residential uses and were designated " Opportunity Site" by the Midtown Specific Plan. They are located in the Transit Development Overlay District and are subject to a minimum density requirement of 41 units per acre. The sites are considered to have excellent potential for projects combining affordable and market rate housing. The Midtown Specific Plan EIR indicated that hazardous materials investigations on these properties have been completed; a minimal amount of remediation may be required. Like the new affordable units at the Crossings Apartments nearby, the sites are in Flood Zone AO. Importation of one foot of fill would be required prior to development. On-site detention of stormwater is unlikely. The sites have water service, but would require a sewer line extension and interlocal agreement with the City of San Jose prior to redevelopment. Residential developers have been working with the owners to assemble the sites for housing development, although no proposals have been submitted to the City at this time.												

11	8	Capitol Avenue Trucking sites	19.3	Truck terminals and open storage	R4/TOD	R4/TOD	MF-VeryHigh TOD	41-60	965	None	None	Very High
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Status:

This is one of the major residential opportunity sites in Milpitas, and has very high potential for reuse by 2006. Most of the trucking operations are operating on short-term leases that will expire in the next three years. The property owners have indicated their intent to sell the sites when the leases expire between 2002 and 2005. A number of developers are pursuing purchase options, and are interested in high density residential projects. A minimum density requirement of 41 units per acre will apply. The sites are adjacent to the new Montague/Capitol Light Rail Station, and the proposed BART Station. They have excellent street access to Capitol Avenue, and no water or sewer constraints. There are water lines along all frontages, and a sewer lines along Capitol Avenue and along Montague west of Capitol. The Midtown Specific Plan EIR indicated that hazardous materials remediation on the sites has been completed. Importation of one foot of fill will be required prior to construction. On-site stormwater detention requirements are unlikely because the planned and funded improvements to Berryessa Creek will remove this site from the Special Flood Hazard Area by 2003. Given the very high density of the project and its proximity to transit, an affordable housing component is likely.

Map ID #	# of Parcels	Site Name	Acres	Existing Use	Current Zoning	Proposed Zoning	General or Specific Plan Designation	Density (du/ac)	Units	HazMat Constraints	Infrastructure Constraints	Probability of Development by 2006
12	1	Kunde Trucking	7.5	Truck storage	R4/TOD	R4/TOD	MF-VeryHigh TOD	41-60	375	Investigation Needed	None	High

Status:

Although this 7.5-acre truck terminal is in active use, it is immediately adjacent to the new Montague/Capitol Light Rail station and the proposed BART Station. The City has committed to develop this site with housing and not to use it for transit station parking (tentative plans are for the BART station to be underground). The Midtown Specific Plan EIR indicated that further investigation of hazardous materials are required on this site, although no specific hazards have been identified. The site would require one foot of fill prior to development, similar to other housing developments in the vicinity. On-site retention of stormwater is not anticipated. Water and sewer lines are in place along the Capitol Avenue frontage. Although there are no immediate plans to reuse this site, its proximity to the transit station makes it an excellent candidate for housing. An affordable housing component is likely.

13	1	Cal Trucking	2.3	Truck storage	R4	R4	MF-VeryHigh	31-40	80	Investigation Needed	None	Very High
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Status:

A developer is moving forward with an application for residential development on this site. A Phase One Environmental Assessment will be required, but no serious contamination issues are anticipated. The site has good access, with frontage on both South Main Street and the Montague Expressway. There are no sewer or water constraints. The site is above the flood elevation and no fill or on-site stormwater detention is required. The project applicant has expressed an interest in developing this site substantially above the high end of the density range, possibly with mid-rise or high-rise construction.

14	7	Olinger and vicinity	4.1	Old motel; Truck storage	R4/TOD	R4/TOD	MF-VeryHigh TOD	41-60	205	None	None	Very High
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Status:

Several residential developers have already contacted the City regarding this area, and there is an active housing proposal on at least one of the sites (former truck storage site). Developers have been negotiating with the motel owners, and will need to conduct further negotiations with the smaller parcel owners if the site is to be developed as a single project. Although the site is not in a redevelopment area, private site assembly has been successful in nearby locations (for instance, at the Crossings) and is likely to take place here as well. A phased development appears likely, with the trucking parcel developing first. There are no hazardous materials issues, and there are adequate water and sewer lines. The site is not in the flood plain. A minimum density of 41 units per acre applies to this site. An affordable housing component is likely when site assembly takes place. This is projected to occur by 2004.

15	6	South Main at Great Mall	2.7	Marginal commercial	R4/TOD	R4/TOD	MF-VeryHigh TOD	41-60	135	None	None	Medium
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Status:

These sites contain marginal commercial uses, including an old restaurant and commercial services. They are adjacent to the new Great Mall Light Rail station and have strong potential for reuse. The Midtown Specific Plan indicates that hazardous materials investigations have already been completed. The sites are in Flood Zone AO, meaning that one foot of fill will need to be imported prior to their development. On-site retention of stormwater is unlikely. There are no water and sewer line constraints. There are no active development proposals on these sites.

16	1	Lockheed Storage	7.4	Warehouses	R4	R4	MF-VeryHigh	31-40	260	None	None	Very High
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Status:

Sale of this site for residential development is expected within a year. The adjacent Park Metropolitan site was recently redeveloped with housing, setting a precedent for a similar reuse project here. A minimum density of 31 units per acre will be required. Given the size of the site and its single ownership, an affordable housing component is likely. The Midtown Specific Plan EIR indicated that hazardous materials investigations have already been completed for this site. Demolition and removal of the existing buildings will be required. Water and sewer lines are adequate to support development. Like the recently completed Park Metro development across the street, the site is in Flood Zone AH (base elevation 24) and will need to be raised with one to three feet of fill prior to construction. This is not considered a development constraint, given the prevalence of this hazard throughout Milpitas. Development with multi-family housing is very likely by 2006.

17	1	Union Pacific Railyards	42.5	Car Storage	R4	R4	MF-VeryHigh	31-40	1,000	None	Access, Water/Sewer	High
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Status:

This is the largest residential development site in Milpitas. Development has been assumed on approximately two-thirds of the site, roughly corresponding to the area presently used for car storage. Because the site is in consolidated ownership, a large affordable housing component is likely. There is a good chance that this site will be available for development by 2006, since the Union Pacific Railroad (UPRR) may be moving its switching yards from this site to another location in Santa Clara County. At least one developer has been in contact with UPRR to discuss the possibility of housing development on the site. Zoning is currently R4, and the site is subject to a minimum density requirement of 31 units per acre. The major constraint is access, as development would probably require an additional railroad crossing. Installation of on-site water and sewer lines would also be required, although service to the perimeter of the site is in place. The Midtown Specific Plan EIR indicated that hazardous materials investigations have already been completed for this site.

SUB-TOTAL UNDERUTILIZED HOUSING SITES

3,635, assuming development at density midpoint
(3,060, if developed at minimum density)

Map ID #	# of Parcels	Site Name	Acres	Existing Use	Current Zoning	Proposed Zoning	General or Specific Plan Designation	Density (du/ac)	Units	HazMat Constraints	Infrastructure Constraints	Probability of Development by 2006
UNDERUTILIZED SITES DESIGNATED FOR MIXED USE												
18	2	South Main at Curtis Avenue	1.1	Contractors yard	MXD	MXD	Mixed Use	21-30	27	None	None	High
<u>Status:</u> This site consists of a contractor's storage yard and an adjoining vacant lot under separate ownership. It is adjacent to new multifamily housing, the new Park Metropolitan development, the affordable Monte Vista Apartments, and the County's surplus Elmwood site, now being sold for multifamily housing. Redevelopment of this site is likely, although there are no plans at this time. The site is not within the flood plain, has excellent access to South Main Street and Curtis Avenue, and is outside of the flood plain. Water and sewer service is in place. The Midtown Specific Plan indicates no hazardous materials issues on this site.												
19	2	Boat Repair/Car Wash	0.8	Boat repair/Car wash	MXD	MXD	Mixed Use	21-30	20	None	None	Medium
<u>Status:</u> This site adjoins Site "9" (see earlier reference in this Table). It consists of a boat repair yard and an old car wash. Although there are no active plans to redevelop these parcels, they are unconstrained and ideally situated for housing or mixed use projects. The sites have street frontage along South Main Street, available water and sewer services, and are not in the flood plain. The Midtown Specific Plan EIR indicated no hazardous materials issues. Ideally, these sites could be linked with the 1.5 acres in Site 9 to form a single 2.3 acre project. Such a project would be more likely to include an affordable housing component.												
20	3	South Main at Hetch Hetchy Aqueduct	1.5	Marginal office, retail	MXD	MXD	Mixed Use	21-30	18	None	None	Very High
<u>Status:</u> A new project combining housing and retail use has already been proposed on this site. Construction by 2003 is likely. The site has no constraints, is not in the flood plain, has adequate water and sewer services, and has no reported hazardous materials issues. The project provides a good example of the redevelopment of a small (1.5 acre) marginal commercial site with a mixed use residential project.												
21	7	Campbells Corner-SW	2.5	Old retail, vacant bldgs.	MXD	MXD	Mixed Use	21-30	62	None	None	Medium
<u>Status:</u> This site is located at the heart of Old Town Milpitas and includes several adjacent parcels under separate ownership. Water and sewer services are available, the sites have excellent transportation access, and there are no reported hazardous materials issues. All sites are out of the flood plain. Affordable housing would be most likely if the parcels are assembled to form a larger development site. A number of small mixed commercial/residential projects have been developed nearby (280 Main Street, etc.), but these projects have not included income-restricted units.												
22	7	Campbells Corner-E	2.3	Old retail, vacant bldgs.	MXD	MXD	Mixed Use	21-30	58	None	None	Medium
<u>Status:</u> Like site 21, this site is located at the heart of Old Town Milpitas and includes several adjacent parcels under separate ownership. Water and sewer services are available, the sites have excellent transportation access, and there are no reported hazardous materials issues. All sites are out of the flood plain. Affordable housing would be most likely if the parcels are assembled to form a larger development site. This would be most likely to occur if the redevelopment project area was extended to include Old Town.												
23	2	Carlo at South Main	0.4	Auto service	MXD	MXD	Mixed Use	21-30	10	None	None	Medium
<u>Status:</u> This is an older auto service business in the center of the Old Town area. The site has water and sewer service on the Main Street side, road frontage, and is not in the flood plain. A small mixed use project would be feasible here. However, there are no plans to redevelop the site at this time.												

SUB-TOTAL UNDERUTILIZED MIXED USE SITES										195, assuming development at density midpoint (180, if developed at minimum density)			
OTHER UNDERUTILIZED SITES													
24	1	Town Center	22.4	Shopping center	TC	TC	Town Center	21-40	336	None Known	Interior Water/Sewer	Medium	
<u>Status:</u> This is an older community-scale shopping center adjacent to City Hall. The Milpitas General Plan envisions its eventual redevelopment into a more pedestrian-oriented town center, incorporating housing as well as retail shops. At the present time, densities of up to 40 units per acre are conditionally permitted on the site. The site has no flooding or drainage constraints, and has extensive frontage along North Milpitas and Calaveras Boulevards. An internal network of water and sewer lines would be required upon redevelopment, but service to the perimeter of the site is in place. Although there are noactive plans to redevelop the site, the site is considered a good candidate for housing. Given the size of the site and its proximity to City Hall, an affordable housing component would likely be included. Only half of this site is presumed to redevelop in this spreadsheet; commercial uses are presumed to remain elsewhere on the site.													
Map ID #	# of Parcels	Site Name	Acres	Existing Use	Current Zoning	Proposed Zoning	General or Specific Plan Designation	Density (du/ac)	Units	HazMat Constraints	Infrastructure Constraints	Probability of Development by 2006	
25	4	Beresford Square	9.3	Shopping center	TC	TC	Town Center	21-40	138	None Known	None	Low	
<u>Status:</u> This is an older community-scale shopping center, similar to the Town Center site on the east side of North Milpitas Boulevard. General Plan policies support its redevelopment with mixed use (housing and retail/office), and current zoning allows such activities. No redevelopment has been proposed, and the site remains in active use as a shopping center. A portion of the site is in Flood Zone AE and would require one foot of fill prior to redevelopment. Water and sewer facilities are in place along the perimeter of the site, and road access is excellent. An affordable housing component would be likely if the site is redeveloped. An affordable senior project is located on an adjoining site. Only half of this site is presumed to redevelop in this spreadsheet; commercial uses are presumed on the remainder.													
26	2	Fiesta Plaza	2.5	Shopping center/ Vacant lot	C1	Possible rezone to R3	Retail Subcenter	--	50	None Known	None	High	
<u>Status:</u> This site consists of an older retail center in poor condition and an adjoining 1+ acre vacant lot zoned for commercial development. Rezoning of both sites to R3 will be studied before 2006, enabling the redevelopment of the site with approximately 50 housing units. The site has a water line along the north/south segment of Dempsey Road and sewer facilities along the entire frontage. The site has good road access, and is outside of the flood plain. An affordable housing component is likely. Although there are no active plans to redevelop the site, the strong demand for housing and limited number of sites in this part of the City (east of I680) make development by 2006 feasible.													
27	6	Dixon Landing Road commercial strip	2.1	Marginal commercial uses	C1	Possible rezone to R3	Retail Subcenter	--	23	None Known	None	Medium	
<u>Status:</u> This site consists of several adjacent parcels along Dixon Landing Road in the northern part of Milpitas. The sites include vacant land and older strip commercial type uses. Road access is excellent and there are no water or sewer constraints. The site is out of the flood plain. There are no active plans to assemble these sites or redevelop these uses at this time. Rezoning to R3 could trigger such proposals, however. Development at the lower end of the R3 range (12 units per acre) would be likely, given prevailing densities in the vicinity.													
28	24	Selwyn Drive	7.9	Fourplexes	R3	R3	Multi-family High	12-20	60	None Known	None	Low	
<u>Status:</u> The Selwyn site is already developed with fourplexes, some in poor or deteriorating condition. The site would be ideal for an acquisition and rehabilitation project. If such a project is pursued, a net gain of 60 units could take place as the site is currently developed well below the permitted density for the R3 district. The probability of this site redeveloping by 2006 is considered low, but will continue to be explored.													
SUB-TOTAL OTHER UNDERUTILIZED SITES										687, assuming development at density midpoint (408, if developed at minimum density)			
HILLSIDE RESIDENTIAL SITES (1 DU/10 AC)										50			
GRAND TOTAL										5,533, assuming development at density midpoint (4,512, if developed at minimum density)			

Appendix Table D-2: Affordable Housing Production Estimates for Key Sites

Site ID	Maximum Units Under Zoning (a)		Minimum Affordable Units (b)	
	Very Low/Low	Mod/Above Mod.	Very Low/Low	Mod./Above Mod.
1	-	24	-	24
2	405	-	81	324
3	343	-	343	-
4	60	-	12	48
5	10	-	2	8
7	30	-	30	-
8	30	-	30	-
11	965	-	193	772
12	375	-	75	300
13	80	-	16	64
14	205	-	41	164
16	260	-	52	208
17	1,000	-	200	800
18	27	-	5	22
20	18	-	4	14
26	50	-	10	40
Total	3,858	24	1,094	2,788

Sources: City of Milpitas, 2002; BAE, 2002.

Notes:

(a) Assumes that the projects developed on each site are 100% affordable.

(a) Represents the bottom range of total very low- and low-income units that could be produced assuming that all projects are subject to 20 percent affordability policy.

Appendix E: Glossary of Housing Terms

Household: All persons occupying a single dwelling unit.

Family Household: Two or more related persons occupying a dwelling unit.

Non-Family Household: A single person living alone, or two or more unrelated persons sharing a dwelling unit.

Large Family: A family of five (5) or more persons.

Elderly: Persons 65 years of age or older.

Disabled: Persons determined to have a physical impairment or mental disorder which is expected to be of long continued or indefinite duration and is of such a nature that the person's ability to live independently could be improved by more suitable housing conditions.

Very Low-Income Household: A household whose income, with adjustments for household size, does not exceed 50% of the County median household income, as published annually by the State of California, Department of Housing and Community Development.

Low-Income Household: A household whose income, with adjustments for household size, does not exceed 80% of the County median household income, as published annually by the State of California, Department of Housing and Community Development.

Moderate-Income Household: A household whose income, with adjustment for household size, falls between 80% and 120% of the County median household income, as published annually by the State of California, Department of Housing and Community Development.

Above Moderate-Income Household: A household whose income, with adjustment for household size, is greater than 120% of the County median household income, as published annually by the State of California, Department of Housing and Community Development.

Dwelling Unit: The place of customary abode of a person or household which is either considered to be real property under State law or cannot be easily moved.

Affordable Housing: Housing Milpitas households can buy or rent without paying over 30 percent of their income.

Appendix F: Disabled Access Comment Checklist